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Rec'd Lit File
7/18

APPROVED FOR
RELEASE DATE:
28-Sep-2009

OGC-95-51574
9 June 1995

(b) (1)
(b) (3)

MEMORANDUM FOR: [redacted]
Deputy Director
Office of Congressional Affairs

FROM: [redacted]
Paralegal Specialist
DCI/OGC/LD

SUBJECT: Confirmation of Records Search -
Adler Barriman "Barry" Seal

1. This memorandum is confirming the records search on an Adler Barriman "Barry" Seal. The records search was in response to a question posed by Chairman James Leach and forwarded through HPSCI, whether CIA was ever in contact with this individual. The search request is in order to disprove or verify certain allegations of illegal financial activity related to the so-called "Whitewater" investigation.

2. On 7 June 1995, I tasked [redacted] OP/IMO, OS/OPS, [redacted] and informed DA/IRO. [redacted] also tasked [redacted] All components contacted OGC with a no records response.

3. If you have any questions regarding the above information, please contact me on secure [redacted] or the attorney on the case, [redacted]

[redacted]

188

[redacted]

204

D119-1

~~SECRET~~

~~SECRET~~

Reg

OGC-95-51546
7 June 1995

MEMORANDUM FOR: [REDACTED]

DA/IRO
OS/OPS/[REDACTED]
OP/IMO

FROM:

[REDACTED]
Paralegal Specialist
Office of General Counsel

SUBJECT:

Records Search on -
Adler Barriman "Barry" Seal

1. Background. The Office of Congressional Affairs (OCA) has received information from Chairman James Leach regarding a search request on the late Adler Barriman "Barry" Seal. The search request is in order to disprove or verify certain allegations of illegal financial activity related to the so-called "Whitewater" investigation. (See attachment)

2. Please conduct an immediate records search from your office concerning whether the CIA has any information on Adler Barriman "Barry" Seal. Please determine whether CIA or other government agencies performed any covert activity in or near Mena, Arkansas, including whether the CIA or any other government agency had any contractual or other relationship for work performed in or near the same Arkansas location.

3. Your expeditious handling of this matter would be greatly appreciated. Please contact me on [REDACTED] as soon as your office has any information regarding the above request or if you have any questions regarding this matter. Please follow-up by sending your response to this name trace request to me at OGC/LD, [REDACTED]. The attorney handling this case is [REDACTED] and he can be contacted on [REDACTED] [REDACTED].

[REDACTED]

Attachment as Stated

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D119-4

~~SECRET~~

SUBJECT: Records Search on Adler Barriman "Barry" Seal

OGC-95-51546

OGC/LD/[]/7 June.95

Distribution:

Original - Addressee

1 - Lit File

1 - OGC Reg.

1 - [] Soft

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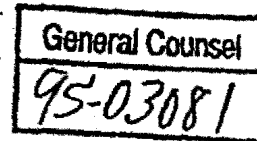
1 - [] FYI

~~SECRET~~

D119-5



CENTRAL INTELLIGENCE AGENCY



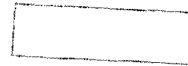
May 30, 1995

[redacted] OAC/Ltr

Further evidence that some issues never die. Would you be able to look (or have someone look) at the Iran-Contra records so that we can respond whether a visit by McCormick is warranted.

I recall that this same allegation came up during the last presidential campaign.

Please give me a call if you have questions.



D119-6

UNCLASSIFIED

ASSIGNMENT RECORD

STATUS: IP
FILE: X
TEST:

Printed: 07/20/95

FILE-NUMB: L9500207
RESP-DIV: LD
CLOSED: / /

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

SUPERVISOR:

CASE SUMMARY:

HPSCI STAFFER STEVE NELSON REQUESTED OCA TO CONDUCT A NAME TRACE ON WHETHER CIA HAD A CONTRACTUAL OR OTHER RELATIONSHIP WITH THE LATE ADLER BARRIMAN "BARRY" SEAL. HPSCI IS ASSISTING THE HOUSE BANKING COMMITTEE INVESTIGATE ALLEGATIONS OF ILLEGAL FINANCIAL ACTIVITIES RELATED TO THE "WHITEWATER" INVESTIGATION.

ASSIGNED

BEGIN

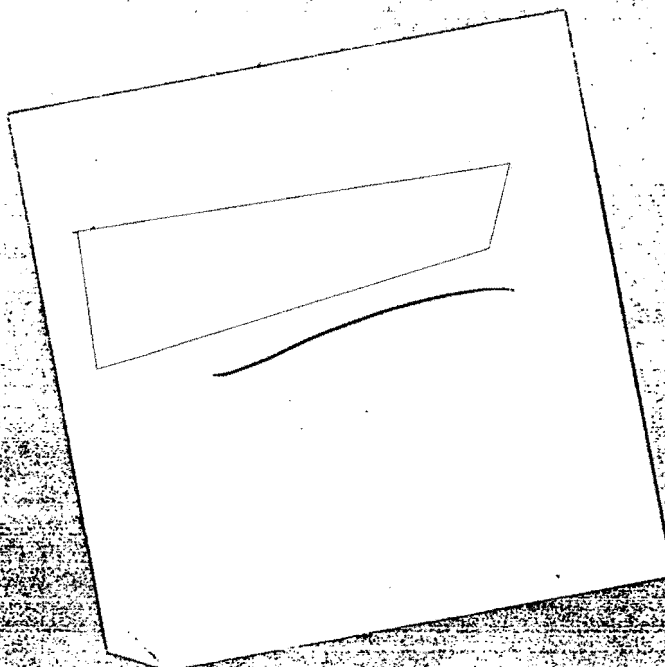
END

06/06/95
06/06/95

/ /
/ /

————(CASE NOTES)————

(NONE)



UNCLASSIFIED

~~UNCLASSIFIED~~

Received: 07/20/95
08:50:09

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03081

CONTROL NO:

DOCUMENT DATE: 05/30/95

DATE RECEIVED: 05/31/95

AUTHOR:

AUTHORS ORG: OCA

ADDRESSEE:

ADDRESSEE'S ORG: OGC

FIRST ROUTED TO:

LD,

COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

NOTE REQUESTING REVIEW OF ATTACHED LETTER FROM JAMES A. LEACH, CHAIRMAN OF THE HOUSE BANKING COMMITTEE, TO HPSCI REQUESTING THAT JAMES W. MCCORMICK BE ALLOWED TO REVIEW CERTAIN CLASSIFIED FILES OF THE IRAN-CONTRA HEARINGS, THE UNCLASSIFIED VERSION OF WHICH WAS PUBLISHED NOVEMBER 1987

~~UNCLASSIFIED~~

D119-9

~~UNCLASSIFIED~~

Received: 07/20/95
08:50:25

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03314
CONTROL NO:
DOCUMENT DATE: 06/12/95
DATE RECEIVED: 06/13/95
AUTHOR:
AUTHORS ORG: C OPS
ADDRESSEE:
ADDRESSEE'S ORG: OGC
FIRST ROUTED TO: LD
COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

MEMORANDUM RE ADLER BARRIMAN "BARRY" SEAL IN RESPONSE TO
OGC-95-51546 DATED 7 JUNE 1995 REQUEST FOR A DATABASE SEARCH
IN THE NAMES OF ADLER BARRIMAN SEAL AND BARRY SEAL

~~UNCLASSIFIED~~

5119-10

~~SECRET~~

Received: 07/20/95

08:50:41

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03614

CONTROL NO:

DOCUMENT DATE: 06/12/95

DATE RECEIVED: 06/29/95

AUTHOR:

AUTHORS ORG:

C OFL

ADDRESSEE:

ADDRESSEE'S ORG: OGC

FIRST ROUTED TO:

LD

COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

RESPONSE TO OGC REQUEST OGC-95-51546 RE RECORDS SEARCH
REQUEST ON ADLER BARRIMAN "BARRY" SEAL

~~SECRET~~

DIV-11

APPROVED FOR
RELEASE DATE:
28-Sep-2009

~~CONFIDENTIAL~~

19 July 1995

*7/19/95
received
from DC*

Note to: Acting DCI
From: Acting Director of Public Affairs
Subject: Mena

The August issue of The American Spectator takes up the Mena story in a way that is likely to resonate on the Hill (see attached article).

It alleges, explicitly and implicitly, that an aircraft operated by a CIA front company in 1984 used the airfield at Mena, Arkansas, as a staging point for weapons supply flights to the Contras in Nicaragua; on the return flights from Honduras, the aircraft allegedly carried illegal narcotics to Mena. The narcotics runner, Barry Seal, allegedly paid off then-Governor Clinton's protege, L. D. Brown, and one Dan Laseter, a Clinton contributor.

This is the latest repackaging of allegations previously made by the Wall Street Journal.

I understand that Fred Hitz or someone from his staff, along with other CIA officers will brief Congressman Leach on Friday 21 July in an attempt to address his concerns about these and other allegations.

In the mean time, we are receiving media queries on Mena, most recently from Michael Isikoff of Newsweek on 18 July. With the publication of The American Spectator article, we expect more.

At present, although there is no reason to believe any of the allegations, we are declining to comment publicly, pending exhaustive searches of DO files, as tasked by OCA. As soon as those searches are complete, we hope to have a crisp public statement that distances us from the allegations--if the Agency IG's look into them does not constrain us from doing so.



CC: EXDIR, GC, D/OCA, ADDO, ADDI, DDA, D/AIS

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D53-2 (185)

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fay/w

R. Emmett Tyrrell, Jr.

The Arkansas Drug Shuttle

What L.D. Brown, Clinton's fair-haired boy, has told me.

Arkansas State Trooper L. D. Brown was 28 years old in 1984. He was not only Gov. Bill Clinton's favorite bodyguard, but also a close friend. The other troopers called him Clinton's "fair-haired boy." They shared an interest in books, ideas, and night life. Brown still has books that Clinton gave him, one being a bar exam study book in which the politician had made some ironic underlinings. One passage discusses the deductibility of charitable donations, and another the length of residency required in Washington before tax liability is incurred. Like Clinton, Brown passed through a radical stage when he attended the University of Arkansas in Fayetteville. Indeed, when Clinton was a law professor in Fayetteville, Brown was working on an off-campus magazine, the radical *Grapevine*.

In the autumn of 1984, Brown found himself seated on a bench inside a cavernous C-123K cargo plane roaring over a Central American jungle. The pilot of the plane was Barry Seal, a legendary drug trafficker. Two years later, he would be shot dead in Louisiana. Three Colombians eventually were arrested and convicted of the murder. The Louisiana attorney general would tell the Justice Department that Seal had "smuggled between \$3 billion and \$5 billion in drugs into the U.S."

The C-123K also had a history. It was originally an Air Force transport plane. Seal dubbed it "the Fat Lady." It would later be serviced and financed by Southern Air



Transport, a CIA front company, and it was eventually shot down over Nicaragua in a doomed supply effort to the Contras that left an American, Eugene Hasenfus, a prisoner of the Sandinistas and the CIA link to the Contras revealed.

Brown recalls that on the morning of this particular flight, Seal had told him to drive to Mena Intermountain Regional Airport, a remote air strip near the Oklahoma border. He had expected to find, he says, a Baron or King Air, the kind of plane in which he had sometimes accompanied the Governor, and in which he had some training as a pilot. Instead, he says, he found this "huge military plane" that was not

actually a military plane. It was dark almost black, and had only the minimal tail markings necessary for civilian operation.

Inside the plane, according to Brown, were another pilot and two "beaners"—common laborers who looked like Central American Indians. Later Brown would come to know them as "kickers." All were wearing jeans, T-shirts, and sneakers. Seal, Brown says, had also prescribed the dress code, and insisted that no one carry identification, not even keys or jewelry. Then, he started the engines, and Brown remembers, "This . . . I mean just thunderous noise. Scared the s— out of me just taking off." Brown says that when the plane took off, he was sitting on a bench behind the two pilots. At the rear of the plane, by the beaners, he says, were pallets on casters.

After it left Mena, the plane made a refueling stop—"Nobody got off," Brown says—and then resumed flight. Eventually, Brown recalls, Seal startled him by yelling, "Well, you all hang on." Then the plane dropped to what

R. Emmett Tyrrell, Jr. is editor-in-chief of *The American Spectator*.

Brown calls "an altitude a hell of a lot lower than what you'd think you'd fly." He suspected Seal was trying to evade radar. Then, he says, they regained altitude, but then they descended again, and "that's when these two crazy bastards get these palettes and roll them out on casters." Parachutes opened from the palettes. Later Seal confirmed Brown's suspicions: the palettes contained M-16s for the Contras.

Approximately 30 minutes later, Brown says, the C-123K landed in what he later learned was Tegucigalpa, Honduras. Then it was refueled while Seal and the kickers got off. Brown and the co-pilot, who never exchanged any more than a few words, remained on board. Then, Brown says, Seal and the kickers returned, carrying four duffel bags. Brown says he never saw the bags again.

Back at Mena, Brown says, he told Seal he had thought they were going to fly in a plane similar to the ones he had been on with the Governor. Seal, he says, laughed, and told Brown that all he had wanted him to do was "sit back for the ride." Then he gave Brown an envelope with \$2,500 in cash—"not marked money, not banded money, just twenties, fifties, mostly twenties, used money, like you just went out and spent."

When Brown returned to the Governor's mansion, he recalls, Clinton greeted him jovially, "You having any fun yet?" he asked. Clinton had been asking him a similar question for months, ever since, with Clinton's encouragement, he had applied for a job with the CIA. Indeed, Clinton had taken an active role in helping Brown. As part of the application process, Brown had written an essay: "Marxist Influence in Central America." Three early drafts of the essay contain interpolations in Clinton's handwriting. Clinton also suggested that Brown study Russian, a suggestion Brown took seriously enough to begin making entries in his daybook in Cyrillic. Clinton, Brown believed, was familiar with the CIA.

"When I got back from that first trip he knew I had been out doing something," Brown insists. "I mean I didn't have a chance to tell him anything about it. That's when he said, 'You having any fun yet.'"

The CIA does not talk about these things, and so Brown's exact relationship with the agency may never be known. It may also never be known whether CIA officials approved or knew of Seal's activities, or whether he was operating on his own. Some facts, however, are indisputable. An entry in Brown's daybook indicates that the flight with Seal took place on October 23, 1984. A month before that, the Southwest personnel representative for the CIA, Ken Cargile, in a letter to Brown, wrote that "I am pleased to nominate you for employment with the Central Intelligence Agency." Another entry in Brown's daybook indicates that he had met with another CIA representative only a few days before that. Brown has identified him as Dan Magruder, and says that he spoke admiringly of Clinton. Magruder, Brown says, asked him if he would be interested in "paramilitary, counterintelligence and narcotics." Brown, who had worked in narcotics enforcement as a police officer, said he was interested. He then, he says, signed a secrecy agreement, and was told he would be contacted further.

Subsequently, Brown says, Seal called him at home, and

set up a meeting at Cajun's Wharf, a popular Little Rock watering hole. Seal, according to Brown, was familiar with the biographical information he had given the agency. Seal, Brown says, talked knowledgeably about airplanes, and spoke of an "operation" he was planning. He also referred to Clinton, familiarly, as "the guy."

Brown's break with Clinton came after Brown made what he says was his second flight from Mena to Central America. Two duffel bags were put on board the plane at Tegucigalpa. Back at Mena, Brown says, he and Seal walked to Brown's car, a Datsun hatchback, and Seal put one of the duffel bags under the hatchback. Then both men got into the front seat of the car, and Seal reached back into the duffel bag, and pulled out a manila envelope with \$2,500 in it. He said the money had been brought back from Tegucigalpa. Then, Brown says, Seal reached again into the duffel bag and pulled out a kilogram of cocaine.

Brown, a narcotics cop, got upset. He says he feared he was being set up—made a conspirator in an operation he despised. He also says he told Seal he wanted no part of what was happening; then he left. When he returned to Little Rock, he called his brother Dwayne. Dwayne Brown says his brother seemed "terribly upset," and that he immediately drove over to the Governor's Mansion to meet him. Dwayne Brown says he knew his brother had made some unexplained trips out of the country. He suspected a CIA involvement, although his brother did not confirm it. But when he asked his brother, "Who's pushing this?" his brother, Dwayne Brown says, "nodded over towards the Governor's Mansion." From then on, until he left Clinton's security detail in June, Dwayne Brown says, his brother was at "a high level of despair." He says he had feared he might be suicidal.

Meanwhile, Brown says, he confronted Clinton, asking him if he knew that Seal was dealing in drugs and unreported currency. Brown says Clinton told him not to worry. He said, according to Brown, "That's Lasater's deal, that's Lasater's deal."

Dan Lasater, of course, was the celebrated Little Rock "bond daddy." As early as 1982, his firm had been censured by the Arkansas' security commissioner for cheating customers. In 1986, he was convicted of drug distribution, and lost his state securities license. At the time Seal's flights took place, Lasater was contributing to Clinton's political campaigns. He was also providing Clinton with the use of a private airplane, and entertaining him at various places, including his New Mexico resort, Angel Fire.

In the years that followed his split from Clinton, Brown investigated white-collar crime for the Arkansas State Police. He says that he wanted to go public with his revelations about Mena, but that he did not know whom to tell. He also says he was mindful of the secrecy agreement he had signed with the CIA. Whatever the case, of all the Arkansas troopers who would later admit to knowledge of Clinton's high life, Brown was the most hesitant to talk. Though the Clinton machine seemed to fear him the most, he showed no intention of breaking his silence until a chain of random events made it inevitable.

In 1994, Brown told Daniel Wattenberg of *The American*

Spectator that Jim Guy Tucker, then the Arkansas governor, had asked him and trooper Larry Patterson for compromising information on Clinton's private life in 1990, when Tucker was contemplating a race for governor. When Wattenberg reported this, an angry Tucker retaliated against Brown by demoting him from white-collar investigations to highway patrol. "I don't want to be getting any more reports from Brown" is the statement by Tucker that Colonel Tommy Goodwin, the recently retired head of the Arkansas state police, quoted in explaining the demotion to me in an interview.

Owing to a case that Brown was then working on that could have implicated Tucker, Brown believes the demotion was illegal. An indignant Brown began toying with the idea of exposing the corruption of Arkansas politics.

Subsequently, the special prosecutor investigating Whitewater subpoenaed Brown to disclose what he knew about Clinton's connections to David L. Hale. Clinton appeared to have pressured Hale, the head of an Arkansas lending agency, into making loans to Susan McDougal, the Clintons' Whitewater real estate partner.

Brown says he realized then that "everything is going to come out." Nonetheless, he still seemed reluctant to disclose all he knew. The irony is that he might have remained reluctant, but then the White House itself intervened.

When ABC News interviewed Brown in the fall of 1994, the White House tried to malign him. White House officials, as well as Clinton's lawyer, David Kendall, approached ABC. As *Time* reported, Kendall was "working very, very hard to keep Whitewater out of the headlines." Meanwhile, Betsey Wright, a Clinton political fixer, told ABC that Brown was a "pathological liar," even though his personnel file in Arkansas abounded with recommendations—some from Clinton, and even one from Dr. Joycelyn Elders. ABC was also told that Brown had failed a psychological test. Goodwin told me and ABC that Brown had passed it.

But of the charges levelled at Brown by the White House, the most unintentionally revealing was that Brown had flunked a CIA examination in the mid-1980's. That charge could only have come from the man—then Governor Clinton—who knew that his former bodyguard had dealings with the CIA ten years ago. Seemingly panicked, the White House mistakenly presumed that Brown was talking to ABC News about his involvement with Mena when he was actually discussing Whitewater. (Brown maintains that he never flunked the test; in fact, he was nominated four months after taking it for employment with the agency.)

An ABC producer told me at the time that "Brown is telling the truth. You can trust him," but the network apparently yielded to White House pressure. The interview with Brown, in which he had spoken only about Hale and not about Mena, was killed. Brown's patience had been strained beyond endurance. He decided to talk about Mena.

It must be noted now that Clinton's efforts to distance himself from Mena have persisted for years. At a press conference in October 1994, for instance, he was asked a rambling question about the remote air strip, and gave an equally

rambling answer. He concluded by saying that Mena was a federal, not a state, matter. "The state really had next to nothing to do with it. We had nothing—zero—to do with it, and everybody who's ever looked into it knows that."

But Brown says he is lying. His daybook records one visit to Mena by Clinton on May 21, 1984, and he says that he accompanied Clinton to Mena on several other occasions. Meanwhile, others are now coming forward to confirm a Clinton connection to Mena. Trooper Bobby Walker has told me that "sometime in the mid-1980s" he was at Mena with Clinton. Walker said a "huge dark-green military plane" was parked there, and that when he expressed surprise at seeing a military plane at Mena, Clinton said it was not military; it served another purpose.

Last March, in a legally binding deposition, trooper Larry Patterson also said that Clinton knew about Mena. Patterson said he had overheard conversations about "large quantities of drugs being flown into Mena airport, large quantities of guns, that there was an ongoing operation training foreign people in the area." When asked, "Were any of these conversations in the presence of Gov. Bill Clinton?" he replied: "Yes, sir."

Patterson was being deposed in a legal suit filed against Buddy Young, the former head of Clinton's security detail, and another man by Terry Reed, who says he trained Contra pilots, under Seal's supervision, at Nella, Arkansas. In another deposition in the case, John Bender, a mechanic, says he saw Clinton at Mena three times in the summer of 1985. There were no local dignitaries present, Bender says, and Clinton did not seem to be taking part in any official function. He says that Clinton arrived in a Beech aircraft, and was still there when he left for the day.

When he was deposed, Bender was shown a photograph of Buddy Young. He identified him as "Capt. Buddy Young—that little beady-faced fellow," and said he was with Clinton at Mena. Young has since been made head of the Federal Emergency Management Administration in Denton, Texas. In another deposition in the Reed case, Russell Welch, an Arkansas state police investigator who has looked extensively at Mena, says that Young asked him in 1992 if Clinton's name had ever come up in connection with Mena. Welch said it had not, but Young's concern was intriguing.

At this juncture, no one, including Brown, can say precisely what Clinton was doing at Mena. Brown's role, after all, was quite limited. After Brown told Seal—and Clinton—that he would no longer take part in the drug flights, Seal contacted Brown again. Brown says Seal told him "there's good money to be had." But Brown, says he was out of that game for good. It does seem, however, that Clinton was far less cautious. The Mena operation reveals the essential recklessness of our present president.

How much did Clinton know about what he called "Lasater's deal" in that conversation with L.D. Brown? Ultimately we may find out, as Brown tells us that he has been repeatedly questioned by lawyers working for the Whitewater independent counsel about Clinton's association with Lasater at a time when illicit drugs allegedly were flowing into Mena airport. □

APPROVED FOR
RELEASE DATE:
23-Sep-2009

IG 96-0302
26 February 1996

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science and Technology
Comptroller
Director of Congressional Affairs
General Counsel
Director of Public Affairs
Executive Secretariat

FROM: Frederick P. Hitz
Inspector General

SUBJECT: Request for Documents Relating to Possible
Agency Knowledge of Certain Activities in
or Around Mena, Arkansas

1. In response to a request from the Chairman of the House Committee on Banking and Financial Services, and with the concurrence of the Director of Central Intelligence, the Office of Inspector General (OIG) has initiated an inquiry relating to the following core issues:

- Whether CIA, or anyone acting on CIA's behalf, has carried out any activities in Mena, Arkansas, or the area north of Mena, known as Nella, Arkansas, and if so, did CIA brief, or otherwise communicate this information to Arkansas state officials in the 1980s;
- What was the nature and extent of CIA's contact or relationship with Adler Berriman Seal (AKA Barry Seal, A. B. Seal, FNU Billings, Berry Seal, Eric Arthur, Ellis McKenzie, "El Gordo," Joseph Warren Church; DOB: [REDACTED] SSN: [REDACTED] and his activities;
- Did CIA try to influence or request, directly or indirectly, that the Department of Justice terminate or alter any investigations or prosecutions of money laundering in or around Mena, Arkansas;

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101-1

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SUBJECT: Request for Documents Relating to Possible Agency Knowledge of Certain Activities in or Around Mena, Arkansas

- What, if any, information does CIA have that indicates it had any contact with certain individuals or businesses, subsequently identified, or of illegal activities (including illicit aircraft modifications) based at, or operating through, the airport at Mena, Arkansas, from 1980 to the present.

2. In connection with the above areas of interest, the Committee has asked if the CIA had any direct or indirect contact or relationship with any of the following persons or entities located in or around Mena, Arkansas, including, but not limited to: Freddie Lee "Fred" Hampton, Joe Evans, Rich Mountain Aviation, Charles Roulet, Cal Edwards, Global Associates, Fokker Air, Michael Egleston, Eagle Aviation, Robert Maddern, Glen Conrad, Multitrade International, Junior Goodner, Goodner Aircraft Painting, Southern Cross Aviation, J. V. Brotherton, Brodix, Terry Capehart, Blue Diamond, George Reeb, Reebaire, Rose Upholstery and Earl Covel.

3. The Committee also inquired as to whether Larry Douglass (L. D.) Brown (DOB: [REDACTED]; SSN: [REDACTED]) ever applied for CIA employment and, if so, the result of that application.

4. The Committee further inquired whether CIA customarily communicates with state officials when CIA has activities in that state. Finally, the Committee asked whether CIA briefed or otherwise communicated with Arkansas state government officials or law enforcement authorities about any CIA activities in Arkansas in the late 1980s.

5. In furtherance of OIG's efforts, I request that you provide this Office with all information relating to these questions, as further described below, as soon as possible, but no later than close of business Friday, 15 March 1996. Also, I ask that each addressee establish a directorate focal point for this action and provide the name and contact number of that individual to OIG no later than close of business Friday, 1 March 1996. That individual should be responsible for certifying to this Office that searches conducted pursuant to this request have been complete and all pertinent information has been provided. Please provide this information to OIG's administrative focal point on this matter, [REDACTED]

B1-2

~~ADMINISTRATIVE INTERNAL USE ONLY~~

SUBJECT: Request for Documents Relating to Possible Agency Knowledge of Certain Activities in or Around Mena, Arkansas

6. Included in this request are:

a. Copies of all relevant internal and external documents and information concerning any activities by CIA, or anyone acting on CIA's behalf, in Mena, Arkansas, or the area north of Mena, known as Nella, Arkansas.

b. Copies of all relevant internal and external documents and information concerning Agency participation in, or knowledge of, activities in or around the Intermountain Municipal Airport in Mena, Arkansas, or the area north of Mena, known as Nella, Arkansas, from 1980 through the present. This information is to include CIA knowledge of any individuals or businesses that may have been engaged in money laundering, narcotics trafficking, arms smuggling, or other illegal activities (including illicit aircraft modifications).

c. Copies of all relevant internal and external documents and information relating to Adler Berriman Seal (AKA Barry Seal, A. B. Seal, FNU Billings, Berry Seal, Eric Arthur, Ellis McKenzie, "El Gordo," Joseph Warren Church; DOB: SSN: Of particular interest is information, if any,

that indicates any relationship between CIA and Seal; any information that Seal provided to CIA regarding Central America, Colombian drug cartels, transshipment points or refining facilities for U.S.-bound drugs, drug smuggling generally, or any other subject; any information indicating whether CIA either directly or indirectly provided or facilitated the provision of money, services, or equipment to Seal or any other person or entity in connection with Seal's activities; any information regarding the use of proceeds from Seal's activities; and information concerning any contact or communication between CIA and other federal agencies about Seal's activities.

d. Copies of all relevant internal and external documents and information regarding CIA's knowledge of a Fairchild C-123K military transport aircraft reportedly used by Seal. Information sought regarding this aircraft includes that relating to procurement, servicing, retrofitting, etc.

81-3

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

SUBJECT: Request for Documents Relating to Possible Agency Knowledge of Certain Activities in or Around Mena, Arkansas

e. Copies of all relevant internal and external documents and information regarding CIA's knowledge of a Convair C-131A military transport aircraft with U.S. registration number N5575A.

f. Copies of all relevant internal and external documents and information regarding Agency efforts, if any, to influence the Department of Justice or any other federal agency directly or indirectly in the course of any investigations or prosecutions in or around Mena, Arkansas.

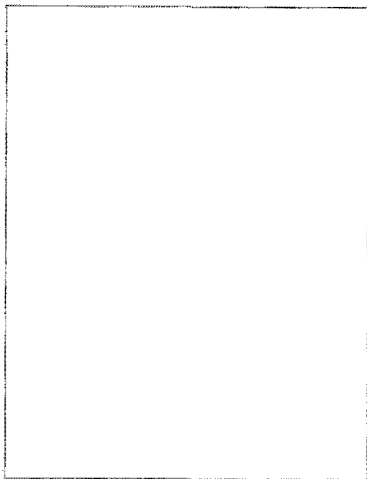
g. Copies of all relevant internal and external documents and information relating to the following persons or entities located in or around Mena, Arkansas:



B1-4

~~ADMINISTRATIVE-INTERNAL USE ONLY~~

SUBJECT: Request for Documents Relating to Possible Agency Knowledge of Certain Activities in or Around Mena, Arkansas



h. Copies of all relevant internal and external documents and information relating to Larry Douglass (L. D.) Brown, DOB: SSN:

i. Copies of all relevant internal and external documents and information relating to whether CIA briefed, or otherwise communicated with, Arkansas state government officials or law enforcement authorities about any CIA activities in Arkansas from 1980 to present.

7. This request encompasses all relevant official and soft files, 201 files, memoranda, taskings, notes, letters, correspondence, communications, Lotus Notes and other computer mail messages; cable traffic (including "ops traffic"), briefing books, calendars, and personal notes. It also extends to all categories of material, including all "Rybat," "bigoted," "codeword," "SI," " and other limited distribution materials.

8. Documents and other materials responsive to this request should be produced in their entirety as they appear in the relevant files without redaction or deletions of any kind and delivered to OIG/Investigations Staff, Attention: as soon as possible, but no later than close of business 15 March 1996. Marginalia and associated notes, comments, etc., should remain as they appear on the original documents and materials. If there is any doubt in regard to the relevance of particular documents

B1-5

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

SUBJECT: Request for Documents Relating to Possible Agency
Knowledge of Certain Activities in or Around
Mena, Arkansas

or information, components should err on the side of
advising OIG and allowing it an opportunity to determine
relevance.

9. I am aware that this tasking may duplicate similar
information requests within the last several months by other
components. Nonetheless, this is an independent inquiry
that requires a full and timely response. If the requisite
searches are not completed by the time specified, OIG should
be contacted to arrange for delivery of the results as of
that date while the searches continue.

10. The IG investigation team may find it necessary to
interview Agency officers and others. Please ensure that
those called upon to be interviewed are made available on a
timely basis.

11. The requirements identified in this memorandum are
continuing. Please ensure that OIG is advised immediately
of any new information that may be relevant to this
investigation.

12. Finally, individuals who have personal knowledge
of the events or activities described above should contact
OIG immediately. OIG's principal points of contact for this
investigation are [redacted]
and [redacted].

13. Thank you for your cooperation regarding this
matter.

[redacted]
Frederick P. Hitz

cc: DCI
DDCI
EXDIR

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

SUBJECT: Request for Documents Relating to Possible Agency
Knowledge of Certain Activities in or Around
Mena, Arkansas

OIG/INV/ [] (23 Feb 96)

Distribution:

Original - 1 ea addressee

1 - IG Chrono

1 - INV Chrono

1 - INV Subject File: 96-0036-IG

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

B1-7

~~SECRET~~

20 July 1995

MEMORANDUM FOR: [REDACTED]

FROM: [REDACTED]

SUBJECT: Mena Arkansas

REFERENCE: You were inadvertently left off this list. Please advise. Thanks

(b)(1)
(b)(3)
(S)

NOTE FOR: [REDACTED]

FROM: [REDACTED]

DATE: 07/19/95 17:42:23

SUBJECT: Mena Arkansas

As some of you are painfully aware we have had an inquiry from the House Committee on Banking and Financial Services regarding what CIA knows about drug smuggling and money laundering in Arkansas. I realize that this is a domestic issue, that said that the committee will not back off and has demanded that NSA and CIA's IG brief them on Friday on this matter. We have been unsuccessful in reasoning with the committee despite our best efforts. OCA has asked that the DO to check all records and ensure that we have no information before we go downtown and tell the committee that on the record. The specific issues are as follow:
Does the CIA

know of any secret bank accounts held by US citizens domiciled in Arkansas at any times between 1988 and now?

is aware, directly or indirectly, of any efforts by computer hackers, US government related or otherwise, to penetrate banks for the purpose of monitoring accounts and transactions:

knows or has participated, directly or indirectly, in efforts to sell software--notably versions of a program in use at the Justice Department called PROMIS--or clandestinely produced devices to foreign banks for the purpose of collecting economic intelligence and information of illicit money transfers,

is cognizant of any attempts by [REDACTED]

[REDACTED] company) that is now a division of [REDACTED] to monitor or engage in the laundering of drug money or proceeds of other illegal activities, notably those conducted through Mena, Ark.

can provide information about [REDACTED] a businessman in Nancy Kentucky who claims to have been a CIA operative (sic) in Latin and Central America, among other places.

knew of or was involved in directly or indirectly, any covert activities by the US government or any private parties (the so-called private benefactors") in or around Mena, Arkansas in the late 1980's

had any contractual or other relationship with the late [REDACTED] in the 1980's or knew about his activities in connection with MENA

had any relationship with Arkansas State trooper [REDACTED] who allegedly applied for CIA

APPROVED FOR RELEASE
DATE: JUL 2002

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employment

Action taken thus far:

Checked with DI for information re banking irregularities in Arkansas (OCA action)

Action requested: please confirm that your component has no information concerning the above drug smuggling, money laundering, software sales/production allegations.

please confirm that your component has made no previous investigation ie intel gathering re Mena Arkansas

please confirm that your component has no information concerning covert activity in or around Mena.

I am forwarding to each of you copies of the original letter from the Committee.

Please respond by COB Thursday, 20 July, if this is not possible let me know. Thanks in advance.

CC:

CC:

~~SECRET~~

~~SECRET~~

APPROVED FOR
RELEASE DATE:
23-Sep-2009

(b)(3)
(b)(7)

01 AUG 1995

MEMORANDUM FOR:

FROM:

SUBJECT:

Request for Information in Connection with
Whitewater Investigation

REFERENCE:

Lotus Note dated 27 July 1995

On 27 July [redacted] received a request from ORMS to respond to the following two questions posed by the House Banking and Financial Services Committee in connection with their Whitewater investigation..

Question: Was Barry Seal's C-123K aircraft (serial number 54-0679) sold to him by CIA? Was this plane later shot down over Nicaragua with a load of arms destined for the Contras?

Barry Seal's C-123K aircraft was not sold to him by CIA. We do not know if this plane was shot down over Nicaragua with a load of arms destined for the Contras.

CIA has never owned any C-123K aircraft. [redacted]

Question: Was the Arkansas based firm, Park-o-Meter (POM) ever used by CIA? Did the CIA have any relationship with POM?

We have no information on Park-o-Meter. Headquarters traces were negative.

~~SECRET~~

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D631-39

~~SECRET~~

SUBJECT: House Banking and Financial Services Committee RFI

28 July 1995

Distribution:

1 - Addressee

1 -

1 - Chrono

DG31-40

TITLE: How the Iran-Contra Story Leaked

AUTHOR: (b)(3)(c)

VOLUME: 33 ISSUE: Summer YEAR: 1989

STUDIES IN INTELLIGENCE



A collection of articles on the historical, operational, doctrinal, and theoretical aspects of intelligence.

All statements of fact, opinion or analysis expressed in Studies in Intelligence are those of the authors. They do not necessarily reflect official positions or views of the Central Intelligence Agency or any other US Government entity, past or present. Nothing in the contents should be construed as asserting or implying US Government endorsement of an article's factual statements and interpretations.

~~SECRET~~

A Syrian success story

HOW THE IRAN-CONTRA STORY LEAKED

(b)(3)(c)

With all the publicity surrounding the Iran-Contra affair, there was little focus on who leaked the initial story to the Lebanese newspaper *Al-Shiraa* on 1-2 November 1986, or why. It was not until June 1987 that reporting was received on the origin of the mysterious press piece. According to [redacted]

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[redacted] Damascus leaked the US-Iranian arms-for-hostages deal for its own purposes, thus setting in motion events that would temporarily undermine US prestige in the Middle East, expose the diversion of funds to the Nicaraguan Contras, and create a major controversy in US politics.

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[redacted] the Syrian Government first learned of the arms-for-hostages deal from its chargé in Tehran, Iyad Mahmud, who probably got the information through his contacts in the Iranian Government. For Mahmud, who was in fact a Syrian military intelligence officer, this knowledge quickly became a dangerous thing.

In early October 1986, a group of Iranian officials kidnaped Mahmud and beat him badly before letting him go. Iranian press reports at the time claimed that Mahmud had been arrested by the Iranian antivice squad for drunkenness in the company of women and then released 24 hours later. This story covered up the real reason for the arrest—to intimidate Mahmud from passing on his knowledge of the deal.

Immediately after Mahmud's release, Damascus withdrew him, and he apparently then told his colleagues what he knew. [redacted] claims that Syria, now angry at both the US and Iran, chose the Syrian-financed *Al-Shiraa* to print the story. Although Syrian intelligence officials tried to take credit for disrupting US relations throughout the region, they evidently never anticipated how far-reaching the political reaction would be in the US.

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Why Syria Did It

Syria was the only Arab state to consistently back Iran in the Persian Gulf War from 1980 to 1988, and, in return, Iran provided Syria with low-priced oil. In this context, Damascus had no reason to stop the US sale of weapons to Tehran. While Damascus may have feared further US-Iranian cooperation on the Lebanese civil war and other issues, such cooperation is difficult to imagine. Yet [redacted] claims that Syria exposed the deal out of its anger at both the US and Iran. One possible explanation is that Mahmud found out about the role Israel played in facilitating the deal and that Damascus feared Israeli-Iranian ties would return to the relationship of the 1970s, when Israel provided a steady flow of weapons to the Shah of Iran. But Syrian knowledge of the Israeli angle was unlikely, considering that the *Al-Shiraa* piece made no mention of it. A less unlikely explanation is that Syria had the story printed to punish Iran for its treatment of Mahmud.

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[redacted] however, may have been misled by his Syrian sources on Syrian motivations for releasing the story. He did not account for the four-week lapse between early

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October, when Syria apparently learned of the story, and 1-2 november, when the story appeared in the press. This lapse suggests that Syrian leaders had more in mind then retaliation against Iran.

The Terrorist Trials

The fall of 1986 was a troubled time for the Syrian Government. On 24 October, eight days before the publication of the *Al-Shiraa* story, a jury in London convicted Nizar Hindawi, a Palestinian terrorist who, under orders from high-level Syrian intelligence officials, had tried to blow up an *El Al* airliner in April 1986 by using his unwitting pregnant Irish girlfriend to smuggle a bomb on board. Hindawi was sentenced to 45 years in prison, the longest sentence in modern British history. What followed that afternoon caught the Syrians, and most of the international community, completely by surprise. Within three hours of the court decision, British Foreign Secretary Sir Geoffrey Howe appeared as expected before the House of Commons to denounce the "monstrous and inhumane" terrorist operation. He then did the unexpected by announcing that the UK had decided to break diplomatic relations with Syria. That same afternoon, both the US and Canada announced that they too were withdrawing their ambassadors from Damascus.

To make matters worst for the Syrians, a second terrorist trial, this one in West Berlin, was about to begin. It was clear that Syrian intelligence would be implicated in the March 1986 bombing of a German-Arab cultural center. Syrian President Assad probably worried that the economic sanctions imposed by the UK and the US following the Hindawi trial would be taken up by the rest of Europe, following the West Berlin trial. This would put an added strain on the shaky Syrian economy.

Assad also was concerned from a public-relations standpoint. Unlike Iran and Libya, the other large-scale sponsors of terrorism, Syria has sought to protect its international image, particularly in the West. Syrian intelligence officials carefully hid their involvement in terrorism, often by using surrogate groups. Circumstantial evidence linked Damascus to dozens of attacks, including the bombing of the US Embassy in Beirut in April 1983 and the Rome and Vienna airport attacks on 27 December 1985, but none produced the "smoking gun." The trials in London and West Berlin were changing all this. For the first time, the West had clear-cut evidence of Syrian involvement in terrorism, and Assad was embarrassed by the highly publicized trials.

Exploiting a Mouthpiece

It was at this moment that Syria, hoping to deflect Western attention, decided to leak the arms-for-hostages story to *Al-Shiraa*. For years, the Syrian Ministry of Information had maintained close ties to the publishers of the weekly tabloid newspaper, providing them with a steady flow of stories, some true and some false, that served Syrian interests. In return, *Al-Shiraa* became increasingly pro-Syrian, reaching the point where it frequently ran editorials supporting the presence of Syrian occupation troops in Lebanon and predicting that only Syria could end the fighting. As a result, the magazine had become known as a one-sided, unreliable source of news.

The *Al-Shiraa* arms-for-hostages article on the weekend of 1-2 November claimed that the US secretly had sent Iran spare parts and ammunition for American-built fighter planes and tanks that the latter had purchased from the US before the Shah's fall in 1979. Furthermore, it described a secret trip made by former US National Security Adviser Robert McFarlane to Tehran in early September 1986. On 4 November, *The New York Times* picked up the

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Al-Shiraa story and put it on the front page. That same day, Iranian Speaker of the Parliament Rafsanjani, in a speech marking the seventh anniversary of US Embassy takeover in Tehran, described in some detail a secret mission made by McFarlane and four other US officials to Tehran. Rafsanjani boasted that Iran had held them hostage for five days, before expelling them.

The fact that Rafsanjani immediately confirmed at least part of the *Al-Shiraa* story rather than ignoring it or even denying it suggests that Iran may have been ready to end the arms-for-hostages arrangement. If so, the situation in Tehran had changed since the kidnaping and beating of Mahmud. By November 1986, Rafsanjani and other more pragmatic Iranian leaders probably were under a lot of pressure from radicals in the regime to terminate contacts with US officials. When the story broke in Lebanon, Rafsanjani moved quickly to make it appear as though Iran had duped "the Great Satan."

A Rich Harvest

For Syria, the *Al-Shiraa* story was a sizable success. By the time the West Berlin terrorist trial ended in mid-November with another guilty verdict and more economic sanctions against Syria, the arms-for-hostages controversy was dominating the headlines, and the issue of Syrian-supported terrorism had moved to the back pages. Syrian leaders almost certainly watched with amazement as the controversy unfolded, revealing the diversion of funds to the Contras and creating a major political scandal in the US. By damaging the credibility of the US counterterrorist effort, Damascus made it unlikely that Western diplomatic and economic sanctions against Syria would last for long. Within a year, the US Ambassador was back in Damascus and the European economic sanctions were nearly rescinded. Only Britain had decided not to resume normal relations with Syria.

Other Results

The impact of the *Al-Shiraa* story also was felt in Iran. On 28 September 1987, Tehran announced the execution of extremist leader Mehdi Hashemi after his conviction on several charges, including murder, kidnaping, and attempting to overthrow the Iranian Government. Hashemi had been identified as one of the more radical Iranian leaders, and there is speculation that he helped leak the secret US-Iranian arrangement to discredit the more moderate Rafsanjani. If so, Hashemi or one of his associates probably was responsible for giving the information to the Syrian diplomat in Tehran. The fact that the arrest of Hashemi, along with 60 of his comrades, took place in November 1986 is hardly a coincidence.

For *Al-Shiraa*, the story caused a tremendous boost in the newspaper's popularity in Lebanon and throughout the Middle East. It also earned *Al-Shiraa* some credibility for its revelation of the dealings between the US and Iran.

This article is classified ~~SECRET~~.

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EMPLOYEE BULLETIN

(b)(3)

APPROVED FOR
RELEASE DATE:
23-Mar-2009

EB No. 1472

8 January 1987

CIA'S ROLE IN THE IRANIAN INITIATIVE

AN ADDRESS TO CIA EMPLOYEES BY
ACTING DIRECTOR OF CENTRAL INTELLIGENCE

ROBERT M. GATES
8 January 1987

Following is the text of the address entitled "CIA's Role in the Iranian Initiative" given by the Acting Director of Central Intelligence in the Headquarters Auditorium on 8 January 1987.

"I want to speak to you today on two developments of intense interest and concern to all of us at CIA -- the Agency's role in the Iran affair and the illness of Director Casey. Both of these involve the Agency family and you deserve a detailed report."

THE DCI

ALL PORTIONS CLASSIFIED
SECRET

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"CIA obtained quotes for the costs of the TOW missiles and HAWK equipment through the Department of Defense. We then added estimates for other associated expenses. To date, we have only paid CIA's costs for preparing and transporting the equipment and acquiring the medical supplies (which total around \$50,000) and a single billing from Department of Defense for \$5.6 million. All other billing from Department of Defense is still pending. If our estimates are accurate, some \$350,000 of the Iranian funds will be left over after all bills associated with the operation are paid.

"Now let me turn to our money-handling role. We were not -- I repeat not -- involved in middle-man financing or any of the financial arrangements between the Iranian side and the intermediaries, or between intermediaries and the NSC. My understanding, based on what we have learned over the last several weeks through our own investigation and from other information surfacing in the media, is that money raised by private investors would flow through intermediaries to an Israeli-controlled account. From there, money would flow to Swiss accounts apparently controlled by one of the intermediaries. It was from these latter accounts that our CIA account would receive electronic transfers in an amount equal to what we needed to cover Department of Defense costs. We never knew, and still do not know, how much money flowed through the accounts controlled by the intermediaries.

"The total of \$12.2 million connected with the Iranian operation deposited into our accounts in Switzerland has been fully accounted for.

"In addition to the logistics and finance activities described above, CIA also provided other support to the NSC effort. Through the NIO for Counterterrorism, we continued to task collection assets for coverage of Iran and Lebanon. Moreover, elements in the Directorate of Intelligence were asked to provide tactical support and prepare materials to help implement the NSC initiatives; the Office of Communications provided secure communications and two commo officers for the McFarlane mission in May; and our Office of Technical Service prepared documentation for the mission members and provided recording equipment. Finally, a handful of our personnel were involved in a total of 12 meetings between the U.S. representatives on the one hand and the intermediaries and the Iranians on the other. A Farsi-speaking CIA annuitant was made available to assist in the NSC project. In providing the support described above, we expended a total of \$87,478 in appropriated CIA funds.

"I believe our activities under the Finding were carried out properly and competently. We can account for every penny that came into our hands and for all equipment that was used."

PHASE III: ALLEGED DIVERSIONS

"We now come to the third phase: the speculation that some of the Iranian money provided to intermediaries may have been used for other purposes.

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"We learned in late June and July 1986 that officials in Tehran were complaining to (Ghorbanifar) the Iranian expatriate intermediary, about the price charged for the HAWK spare parts. Tehran was complaining that it had been charged six times the going rate. The details of this running argument were well known to the key CIA officials involved, but they assumed that the problem resulted either from middle-man fees or were part of other arms deals Ghorbanifar had arranged on the side.

"By late August-early September 1986, our NIO was becoming worried about the operational security of the NSC project and was beginning to wonder also about a possible diversion of funds. These reservations were shared by the CIA annuitant involved. They knew about the running argument over the price Ghorbanifar charged Tehran for the HAWK spare parts, as well as the fact that some of those private citizens involved in the Iran project were also active in efforts to get private benefactors to aid the Contras.

"On 1 October, the NIO met with me to report on the "new channel" being opened to Tehran (which would cut out Ghorbanifar); he also expressed deep concern about the operational security of the project. In reviewing the situation, he pointed out that the investors involved with Ghorbanifar had not been repaid for putting up the front money for the HAWK spare parts deal and that there were many confusing reports relating to claims by Tehran that it was overcharged for the spare parts.

"The NIO also speculated that some of the funds from the Iranian arms sales may have gone to support the Contras. He told me that he had no evidence to support this speculation. I was nonetheless disturbed by this development and directed the NIO to brief the DCI.

"The NIO met with the DCI on 7 October 1986, repeated his suspicions about the diversion of funds as well as his worries about the Iran project's operational security. The DCI told him to draft a memorandum outlining his concerns.

"The same day, 7 October, the DCI received a telephone call from a New York businessman. In 1976-79, Mr. Casey had done some legal work for the company the businessman worked for and the Director had not seen him since then. The businessman said on the phone that he had something important that he wanted to inform the DCI about and came down to Washington the same day. As the DCI has testified, it quickly emerged that the businessman knew more about the financial aspects of the NSC project with Iran than CIA or the DCI did. His role was that of an advisor to Adnan Khashoggi. He had worked with Ghorbanifar, the Iranian intermediary, almost from the inception of his effort to develop an American-Iranian relationship. He told the DCI that, during 1986, he and Khashoggi had gotten a group of Canadian investors to put up something on the order of \$15 million to finance arms sales by the U.S. to Iran. He told the DCI that the Canadian investors were still owed something like \$10 million and were aroused by their inability to collect the money.

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they had advanced. He said they intended to bring formal legal action to recover their money. He was concerned that this would destroy prospects of getting additional hostages out, as well as ruin what he saw and sought as an emerging if embryonic relationship between the United States and Iran. It was not until two weeks later that the businessman first mentioned speculation about funds going to the Contras.

"That same afternoon of 7 October, the DCI called Admiral Poindexter and reported this information to him. He seemed surprised and clearly concerned. It was obvious that this information represented a major risk to the operational security of the Iranian initiative. The DCI advised Poindexter to prepare a comprehensive statement for possible release fully covering all aspects of the Iranian initiative and to consult with the White House Counsel.

"On 9 October, the DCI and I met with North to receive a briefing on his recent meeting in Europe with Iranians representing a new channel to senior officials in Tehran (i.e., a channel separate from the one involving Ghorbanifar). The DCI expressed worries about the loose ends from the earlier channel and his concerns about operational security.

"The conversation then turned to Central America and the downing of a Contra supply plane and capture of Eugene Hasenfus. I directly asked North if there was any CIA involvement, direct or indirect, in the private funding effort on behalf of the Contras. We accepted fully DO assurances that our officers had kept their distance, but regarded this as an opportunity to reassure ourselves that there had been no slip ups unknown to our own managers. North told the DCI and me that, based on his knowledge of the private funding efforts on behalf of the Contras, 'CIA is completely clean' of any contact with those organizing and funding the operation. Because of questions and publicity that week surrounding the downing of the supply plane and the arrest of Hasenfus, I made a record of North's response. It was in the context of this discussion I recall North making a cryptic reference to Swiss accounts and the Contras. I assumed at the time it had to do, only with the private effort on behalf of the Contras and therefore neither, I nor the DCI pursued it.

"The DCI and I further pursued problems in the Iranian operation with Poindexter on 15 October. At this meeting, we gave him the memorandum the DCI had asked the NIO to prepare, laying out all his concerns and we sat with him while he read it. We reiterated our concern that the NSC project was about to spin out of control. The DCI suggested again that he consult White House Counsel.

"In subsequent conversations with the New York businessman, on 16 and 22 October, the NIO obtained further details on the unhappiness of the investors. On 22 October, the NIO was told that the Iranian middleman Ghorbanifar had said he believed that a significant share of the \$15 million

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raised by the investors was 'earmarked for Central America.' This latter information from the businessman was passed to Colonel North by the NIO.

"In deciding what action to take on the serious threats to the security of the operation and speculation reaching us in October, we had to balance a number of factors. First of all, the information, while deeply disturbing, was extremely difficult for CIA to interpret and weigh -- especially since we had little knowledge of the financial mechanics of the NSC operation.

"Throughout the late spring and summer of 1986, our officers familiar with the operation had seen fragmentary references to "overcharging" and had picked up other reflections of dissatisfaction with the financial arrangements on the part of both the Iranians and the intermediaries. But again, this was very difficult for our people to interpret since it was never clear if these references related to the NSC deal or to other deals the intermediaries were involved in. For that matter, such allusions did not seem all that unusual given the nature of haggling that goes on in the black arms market and in the context of the tens of billions of dollars in arms being sold to Iran by others.

"A great deal of attention has been devoted to the NIO's memorandum of 14 October and its one reference to Ghorbanifar possibly alleging diversion of some Iranian funds to other U.S. Government projects. Even more attention has been given to the businessman's remarks later to the effect that Ghorbanifar believed some of the money may have been used for Central America. It is essential that you appreciate that in none of this were there any allegations of CIA involvement, or NSC or White House involvement. What's more, the central figure in the speculation was Ghorbanifar, about whose reliability there were serious misgivings inside the Agency from the outset. We simply did not -- could not -- put much weight on speculation from Ghorbanifar.

"We believed in October, and continue to believe, that based on the vague information and speculation we had at the time, we leaned forward with respect to concern for propriety. Taking all together the NIO's speculation on 1 October, North's abbreviated and cryptic remark on 9 October, and subsequent comments from the businessman in late October and early November, we had no evidence or any indication that CIA, NSC, or any other U.S. Government institution was involved in a diversion of funds; that any funds had in fact been diverted; or that any laws had been broken. In fact, we received no additional information along these lines until the Attorney General's statement on 25 November 1986.

"We concluded that none of the operational security aspects or the speculation concerning the funding related to the part of the transaction in which CIA was involved. Security concerns posed by unhappy investors, and the vague speculation sourced to Ghorbanifar about the funding involved financial aspects of the Iranian initiative arranged by the NSC and about

Memorandum for the Record

EVENT: MEMBER BRIEFING

DATE: 07/21/95 TIME: 1000

STATUS: COMPLETE

PLACE: 2186 RHOB

FOR: REP LEACH

SUBJ: MONEY LAUNDERING

ASSOC	NAME	ROLE
REP.	LEACH, JAMES A. (R-IA)	
CIA	TBD	BRFR
CIA	<div style="border: 1px solid black; width: 150px; height: 15px;"></div> (DCI/OCA)	SPRT

— (EXECUTIVE SUMMARY) —

1. On 21 July 1995, at 1000 hours, in room 2186 Rayburn House Office Building, Chairman James Leach (R-IA), Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of in Arkansas in the late 1980s. Agency participants were: Investigative Staff, Office of Inspector General; Chief, Legislation Group, Office of Congressional Affairs; and the undersigned. NSA participants were: Frank Newton, Inspector General, and Congressional Affairs.

— (ADDITIONAL INFORMATION) —

2. Representative Leach began the briefing by saying that he was not interested in opening a new probe of U.S. Contra-policy or suggesting wrongdoing by either Agency, especially since he served on the October Surprise Task Force, where he was convinced that the Marcos' walked away with billion of dollars. Leach, however, did say he based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, and an Arkansas-centered network of banks formed to (see attached incoming letter). Leach also said that over a period of time he had talked to a lot of people regarding this issue. He said that most of the allegations contained within the articles were probably false, but he felt an obligation to look into Whitewater related allegations on behalf of the Banking Committee. That said, some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable.

3. along with Frank Newton, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush background briefing on how NSA conducts its normal daily activities. said that the capability of the IG to conduct its function depends in part on cooperation by others with CIA and thus far the IG had not look into any of these allegations. However, said as he understood the current issue, a thorough search had been conducted by CIA regarding PROMIS/Inslaw issues relating to Systematics, Inc., Mena, and Hadron, during a much earlier timeframe. Also, he understood that thus far very little information had been found to be responsive to the exact allegations

APPROVED FOR
RELEASE DATE:
28-Sep-2009

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Memorandum for the Record

contained in the current letter however, did say that the Agency had perhaps made some connections within the larger picture of things. The Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena.

As for PROMIS, that issue had been looked at in-depth by the Senate Select Committee on Intelligence (SSCI) and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software.

Chairman Leach was also informed that we had not found any records related to Systematics of Arkansas, a banking software firm.

4.

5.

6. Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. For those questions and responses, please see attached pages from a draft memorandum provided by staffer Jamie McCormick and checked against the personal notes of the undersigned. The responses in the draft memorandum correspond correctly to the personal notes of the undersigned.

7. Leach concluded by once again saying he has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearings on these allegations in the fall. (U)

8. The briefing lasted approximately 90 minutes. Leach was informed that the Agency would continue to check its records, especially on questions relating to: 1) Park-o-Meter; 2) CIA's relationship, if any, with Terry Reed; and 3) whether the CIA had any connection to Seal's cargo plane (serial number 54-0679).

CIA Liaison Group
Office of Congressional Affairs

OCA Records

APPROVED FOR
RELEASE DATE:
28-Sep-2009

~~SECRET~~

OCA 95-2274
16 August 1995

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for Representative James Leach (R-IA)
Regarding [redacted] in Arkansas in the
Late 1980s With NSA - 21 July 1995

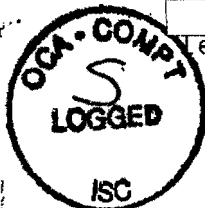
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(b)(3)
(b)(6)

1. On 21 July 1995, at 1000 hours, in room 2186 Rayburn House Office Building, Chairman James Leach (R-IA), Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Agency participants were: [redacted] Investigative Staff, Office of Inspector General; [redacted] Chief, Legislation Group, Office of Congressional Affairs; and the undersigned. NSA participants were: Frank Newton, Inspector General, and [redacted] Congressional Affairs. [redacted]

2. Representative Leach began the briefing by saying that he was not interested in opening a new probe of U.S. Contra-policy or suggesting wrongdoing by either Agency, especially since he served on the October Surprise Task Force, where he was convinced that the Marcos' walked away with billion of dollars. Leach, however, did say he based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] and an Arkansas-centered network of banks formed to [redacted] (see attached incoming letter). Leach also said that over a period of time he had talked to a lot of people regarding this issue. He said that most of the allegations contained within the articles were probably false, but he felt an obligation to look into Whitewater related allegations on behalf of the Banking Committee. That said, some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. [redacted]

3. [redacted] along with Frank Newton, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush .

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H Leach

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SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the late 1980s - 21 July 1995

background briefing on how NSA conducts its normal daily activities [redacted] said that the capability of the IG to conduct its function depends in part on cooperation by others with CIA and thus far the IG had not look into any of these allegations. However, [redacted] said as he understood the current issue, a thorough search had been conducted by CIA regarding PROMIS/Inslaw issues relating to Systematics, Inc., Mena, and Hadron, during a much earlier timeframe. Also, he understood that thus far very little information had been found to be responsive to the exact allegations contained in the current letter. [redacted] however, did say that the Agency had perhaps made some connections within the larger picture of things. The Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. Seal's association with the Drug Enforcement Agency (DEA) was widely publicized, [redacted]

[redacted] As for PROMIS, that issue had been looked at in-depth by the Senate Select Committee on Intelligence (SSCI) and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. [redacted]

[redacted] Chairman Leach was also informed that we had not found any records related to Systematics of Arkansas, a banking software firm. [redacted]

4. [redacted]

~~SECRET~~

~~SECRET~~

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

5 [redacted]

6. Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. For those questions and responses, please see attached pages from a draft memorandum provided by staffer Jamie McCormick and checked against the personal notes of the undersigned. The responses in the draft memorandum correspond correctly to the personal notes of the undersigned. [redacted]

7. Leach concluded by once again saying he has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearings on these allegations in the fall. (U)

8. The briefing lasted approximately 90 minutes. Leach was informed that the Agency would continue to check its records, especially on questions relating to: 1) Park-o-Meter; 2) CIA's relationship, 'if any, with Terry Reed; and 3) whether the CIA had any connection to Seal's cargo plane (serial number 54-0679). [redacted]

[redacted]
Office of Congressional Affairs

Attachments

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SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

DCI/OCA/CIALiaisonGrp [redacted] (22 Aug 95)
OCA 95-2274 [redacted]

Distribution:

Original - OCA Records (w/atts)
1 - D/OCA (w/o atts)
1 - [redacted] (w/o atts)
1 - [redacted] Chrono (w/atts)

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~~CONFIDENTIAL~~

19 July 1995

7/19 record from DC

Note to: Acting DCI
From: Acting Director of Public Affairs
Subject: Mena

The August issue of The American Spectator takes up the Mena story in a way that is likely to resonate on the Hill (see attached article).

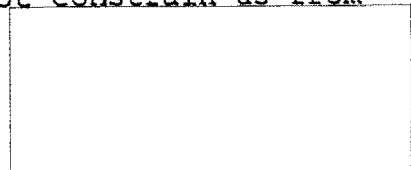
It alleges, explicitly and implicitly, that an aircraft operated by a CIA front company in 1984 used the airfield at Mena, Arkansas, as a staging point for weapons supply flights to the Contras in Nicaragua; on the return flights from Honduras, the aircraft allegedly carried illegal narcotics to Mena. The narcotics runner, Barry Seal, allegedly paid off then-Governor Clinton's protege, L. D. Brown, and one Dan Laseter, a Clinton contributor.

This is the latest repackaging of allegations previously made by the Wall Street Journal.

I understand that Fred Hitz or someone from his staff, along with other CIA officers will brief Congressman Leach on Friday 21 July in an attempt to address his concerns about these and other allegations.

In the mean time, we are receiving media queries on Mena, most recently from Michael Isikoff of Newsweek on 18 July. With the publication of The American Spectator article, we expect more.

At present, although there is no reason to believe any of the allegations, we are declining to comment publicly, pending exhaustive searches of DO files, as tasked by OCA. As soon as those searches are complete, we hope to have a crisp public statement that distances us from the allegations--if the Agency IG's look into them does not constrain us from doing so.



CC: EXDIR, GC, D/OCA, ADDO, ADDI, DDA, D/AIS



Washington, D.C. 20505

APPROVED FOR
RELEASE DATE:
23-Sep-2009

OCA 98-1195
20 April 1998

The Honorable James A. Leach
Chairman
Committee on Banking and
Financial Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Director of Central Intelligence (DCI) asked me to reply to your April 2 and April 20, 1998 letters to him requesting further information regarding Barry Seal and associated matters.

The Inspector General (IG) has been working on those portions of your request that involve information the IG dealt with in preparing its previous report on these matters. Also, the Office of Congressional Affairs is working with the appropriate CIA components to respond to those aspects of your request that involve further records searches and additional information. Please understand that given the breadth of your questions, we will be unable to respond by the requested deadlines.

I regret any confusion that may have arisen during your recent dealings with the IG, with respect to that Office's role and the allocation of responsibility within CIA for answering Congressional inquiries. By way of clarification, this Office is the primary point of contact for responding to requests by Congress for CIA data or other support. I also note in this regard that section 17(b)(2) of the CIA Act places the IG under the general supervision of, and states that the IG shall report directly to, the DCI. For these reasons, as the IG's letter suggests, directing new requests for Agency information to the DCI or to this Office is generally the most appropriate avenue for addressing such requests.

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The Honorable James A. Leach

Finally, please be assured the DCI and I take seriously all Congressional requests for information or other support. The Agency will do its best to respond to your current inquiry and to future requests or interests that you may have.

If we may be of further assistance, please call me at

[redacted]

Sincerely,

[redacted]

John H. Moseman
Director of Congressional Affairs

Central Intelligence Agency



Washington, D.C. 20505

APPROVED FOR
RELEASE DATE:
23-Sep-2009

(b)(3)

Inspector General
703-874-2555

98-0447

3 April 1998

The Honorable James A. Leach
Chairman
Committee on Banking and
Financial Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you and your staff for taking the time to meet with me on 30 March and for your 1 April 1998 letter clarifying and adding priorities to the categories of information you originally requested in your letter of 26 March. We have provided your requests to the Agency's Office of Congressional Affairs (OCA), which will provide them to the responsible Agency components for appropriate responses and monitor their progress on your behalf.

As was explained during our meeting, most of the questions that are raised in your letters are outside the scope of the investigation we completed in November 1996 into several issues relating to events at Mena, Arkansas. They also, with few exceptions, are outside the scope of the investigation that is nearing completion into allegations that the CIA was complicit in narcotics trafficking by the Nicaraguan Resistance Movement, i.e., the Contras. Since we are not reopening or expanding those investigations, these additional requests for information will be managed by Agency officials through OCA, as are all congressional requests for information from Agency files on any subject.

This is the distinction between this Office and the Agency that I attempted to draw in our discussion. Any information in the possession of CIA that is responsive to your questions and relates to issues this Office has not specifically investigated will be located in Agency files, not the files of this Office. An Agency review of its files and response to you regarding those issues is the most expeditious and efficient means of providing answers to your questions.

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The Honorable James A. Leach

As I explained in our meeting, all the information that we developed in our earlier investigation into specific issues relating to Mena, Arkansas and Barry Seal is set forth in our November 1996 Report of Investigation. A copy of that Report has been made available to your staff and we are preparing a written version of the oral responses we provided at our meeting to the questions you have asked that relate to that Report. The broader questions and additional information provided in your letters may lead the Agency and OCA to additional information in Agency files, but this Office has no additional information in its files concerning these matters at this time.

As also mentioned in our meeting, the second volume of our Report of Investigation into the CIA/Contra/Cocaine allegations is nearing completion and should be released in classified form within the next three weeks. Information from that Report regarding a few of the subjects identified in question II-3 of your 26 March letter will then be available to you and your staff through the House Permanent Select Committee on Intelligence.

Finally, you may rest assured that this Office is fully committed to fulfilling its statutory obligations under 50 U.S.C. §403q(d)(3)(c) to report "immediately" to the intelligence committees any instance where this Office is unable to obtain information and to pursue administrative action under 50 U.S.C. §403q(e)(2) regarding any failure of an employee to cooperate with this Office. I will undertake to advise you also if any difficulties of this nature are encountered in regard to your requests for information.

Sincerely,


Frederick P. Hitz

The Honorable James A. Leach

DIG/INV: [REDACTED] (2 Apr 98)

Distribution:

Original - Addressee (via FAX and courier)

- 1 - bcc: OCA
- 1 - bcc: [REDACTED] DO
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B43-3

~~SECRET~~

Joanne Isham

(b)(1)

(b)(3)

(b)(6)

**Status Report on Inquiry from Chairman Leach
House Banking and Finance Committee**

Briefing Request

- Chairman Leach (R-IA) wrote you on 11 July 95 seeking your help in "verifying or laying to rest various allegations of money laundering in Arkansas in the late 1980s." (Copy of letter attached as Tab A).
- He asked for a briefing from the CIA's Inspector General to address 7 topics ranging from efforts to [redacted] to whether the Agency was aware of certain companies and individuals who allegedly operated in or around Mena, Arkansas.
- The worst of these allegations, faxed to us before the briefing, credited to a CIA source in a magazine called Media Bypass, is that the CIA discovered that Vince Foster was a spy for the Israelis, and used a Cray supercomputer at CIA Headquarters to surreptitiously drain \$2.73 million from Foster's secret Swiss account. The article goes on to speculate that Foster committed suicide because he discovered his account had been drained. (Copy of article attached as Tab B.)
- A similar briefing request was sent to NSA.

Briefing by CIA and NSA

- On 21 July 95, Congressional Affairs and Inspector General representatives from CIA and NSA met with Chairman Leach and his assistant staff director, James McCormick.
- Chairman Leach was very cordial at the briefing, but his first question was whether anyone at either agency had discussed his inquiry with anyone at the White House, the Department of Justice, or any other governmental organization and he was told we had not discussed this outside the agency.
- The CIA's IG had not conducted investigations into these allegations and had a limited role in the briefing. The Agency's OCA representative advised that we had not finished our records review, but we were aware of one of the individuals identified in

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the Chairman's 11 July letter, Barry Seal (now deceased). We knew of Seal because of previous inquiries (in connection with criminal prosecutions of other individuals), but advised we had no relationship to Seal nor any records regarding his activities in Mena, Arkansas.

- We also advised him that both the SSCI and the House Judiciary Committee conducted in-depth reviews in 1991 and 1993, respectively, about another subject of his 11 July letter inquiry, INSLAW's PROMIS software. The conclusion then and now, is that the Agency never purchased any INSLAW/PROMIS software.

[REDACTED]

- [REDACTED] ✓

- During the briefing, Chairman Leach read from a list of additional questions provided to us after the briefing. The briefers indicated that we could not answer all of these questions conclusively, and Chairman Leach asked for some limited follow-up searches. (Copy of additional questions attached as Tab C.)

- NSA's IG had no information about the questions posed in the 11 July letter, but did provide a brief broadbrush background on how NSA conducts its normal daily activities [REDACTED] ✓

- [REDACTED] ✓
✓
✓

- We are continuing to search our records for responsive information and once the review of these materials is completed, we will brief the findings to our oversight committees, the NSC and Chairman Leach.

~~SECRET~~

JAMES A. LEACH, IOWA, CHAIRMAN

BILL MCCOLLUM, FLORIDA
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U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON BANKING AND FINANCIAL SERVICES

ONE HUNDRED FOURTH CONGRESS

2128 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-8050

JUL 11 1995

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GARY ACKERMAN, NEW YORK
KEN BENTSEN, TEXAS

BERNARD SANDERS, VERMONT

(202) 225-7802

Hon. John M. Deutsch
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Director Deutsch:

I am writing to seek your agency's help in verifying or laying to rest various allegations of money laundering in Arkansas in the late 1980s. For that purpose, I would request a briefing from the CIA's Inspector General on Friday, July 14 before 1:00 p.m.; if that is not possible, Monday, July 17, would also be a convenient day.

The reports I have in mind have appeared in the general press and, sometimes in sensational form, in more narrow-gauged outlets, including the Internet. They speak of secret foreign bank accounts held by prominent people in Arkansas, special software to monitor bank transfers, an Arkansas-centered network of banks formed to launder money, and similar tales. I would like to determine whether there is any substance at all to these stories.

Specifically, I would like your Inspector General to tell me whether the Agency:

- (1) knows of any secret bank accounts held by U.S. citizens domiciled in Arkansas at any time between 1988 and now;
- (2) is aware, directly or indirectly, of any efforts by computer hackers, U.S.-government related or otherwise, to penetrate banks for the purpose of monitoring accounts and transactions;
- (3) knows of or has participated, directly or indirectly, in efforts to sell software--notably versions of a program in use at the Justice Department called PROMIS--or clandestinely produced devices to foreign banks for the purpose of collecting economic intelligence and information of illicit money transfers;

page two

(4) is cognizant of any attempts by Systematics Inc, an Arkansas-based electronic data processor that is now a division of All-tell, to monitor or engage in the laundering of drug money or proceeds of other illegal activities, notably those conducted through Mena, Ark.;

(5) can provide information about Charles Hayes, a businessman in Nancy, Kentucky, who claims to have been a CIA operative in Latin and Central America, among other places;

(6) knew of or was involved in, directly or indirectly, any covert activities by the U.S. government or any private parties (the so-called "private benefactors") in or around Mena, Arkansas, in the late 1980s; *OGC*

(7) had any contractual or other relationship with the late Adler Barriman "Barry" Seal in the 1980s or knew about his activities in connection with MENA. *OGC*

I would appreciate your help in shedding light on these matters. *could see 100 days - USD*

Sincerely,

James A. Leach
James A. Leach
Chairman

Investigate Mena

For more than a year we have been reporting on the mysteries of tiny Mena airfield in western Arkansas. The clouded tale of drug smugglers and spy operations in the 1980s is a potential embarrassment to the Democratic governor who ran the state and the Republicans who ran the White House. But the big story here is not primarily about who did what 10 years ago. It's about a very 1990s concern: drugs. How has our system broken down so that illegal drugs can be moved into this country on such a large scale?

This week, the American Spectator magazine adds another piece to the Mena puzzle with a story about Arkansas State Trooper L.D. Brown written by Spectator editor R. Emmett Tyrrell. Now, the account's weakness and strength are one and the same—L.D. Brown himself. Its weakness is that it is a single-source account; its strength is that L.D. Brown is an important source. A potentially key player in the Whitewater saga, Mr. Brown corroborates part of David Hale's claim that Mr. Clinton put pressure on him for financial help.

Mr. Brown now says that while working on then-Gov. Clinton's security detail, he applied to the Central Intelligence Agency, with the governor's support. Following CIA testing and an exchange of letters—supplied to Mr. Tyrrell by Mr. Brown—the state trooper claims he was contacted by Mena drug smuggler Barry Seal. Soon after, he was on two Central American flights from Mena airport aboard Mr. Seal's C-123K, running guns to the Contras. Mr. Brown, a former narcotics officer, says that when Mr. Seal showed him cash and cocaine shipments, he quit. When he confronted Gov. Clinton about the drugs and money, Mr. Brown allegedly was told not to worry about it. "That's Lasater's deal," Mr. Brown claims Gov. Clinton told him.

To be sure, Dan Lasater is a colorful figure. He ran a free-wheeling bond house in Little Rock, and was friend and campaign supporter to Bill Clinton. In 1986, in a case that also involved Mr. Clinton's brother, Roger, Mr. Lasater pleaded guilty to a cocaine distribution charge and went off to prison for a brief stay. The federal prosecutor who handled the case was George Proctor, a Carter-era appointee who now heads the Justice Department's Office of International Affairs; Mr. Proctor's office has authority over aspects of another of our longstanding concerns, BCCI. One of Mr. Proctor's predecessors at OIA, Michael Abbell, was in the news recently when he was indicted on racketeering charges in connection with the Cali drug cartel.

Our own reporting about Mena points more toward Washington than Arkansas. We want to know what the federal government knew about drugs and money flowing through the area. Our Micah Morrison has painstakingly separated fact from fiction regarding Mena and Barry Seal's involvement with the CIA, the Contras

and cocaine traffic. Mr. Seal, a sometime informant for the Drug Enforcement Agency, smuggled several billion dollars' worth of drugs into the country. In our October 18 story "The Mena Coverup," we detailed the short-circuiting of nine separate state and federal probes into Mena. Reliable sources in the intelligence community now tell us that in the years after Mr. Seal's death, some activities continued around Mena: an AWACS-Patriot system was tested, CIA contract planes were repainted, and the area was included in a counterterrorism exercise run out of nearby Fort Chaffee.

But the heart of Mena, we suspect, is narcotics, and on this aspect answers are lacking. Drugs? Arkansas officials wave off the question, saying Mena was a federal responsibility. The CIA blames a "rogue DEA operation;" the DEA isn't talking; the FBI says "no comment."

The betting around here is that L.D. Brown and others in the Arkansas State Police know a lot more about the matter—including what the feds were up to—than they are letting on. State police officers are starting to show up all over the Mena story. While we discount the extreme speculation in self-proclaimed CIA operative Terry Reed's book about Mena, "Compromised," it's interesting to note that Mr. Reed is making headway in Little Rock with his lawsuit against former state troopers Tommy Baker and Buddy Young; Mr. Young also served for a time as Gov. Clinton's security chief. Mr. Reed's lawyers have deposed several state troopers in connection with the case, Mr. Tyrrell says. Last year "CBS Evening News" reported that a top Arkansas State Police official played a role in derailing an early effort to advance the Mena probe.

Some reports to the contrary, we see no indication that Independent Counsel Kenneth Starr is investigating Mena or Mr. Lasater. Mr. Starr appears to be sticking close to his mandate to examine matters arising from Madison, the Whitewater Development Co., or Mr. Hale's Capital Management Services.

Yet Mena cries out for investigation. A congressional committee with resources, subpoena power, and the perseverance displayed by some past chairmen should look into this. If some chips fall on the Republican side, so be it. Important questions need to be answered.

Was Mena simply a remote outpost of the Cold War? Or was it a major trans-shipment point for drugs and money laundering? To what degree were government officials involved? Where did all the cocaine and cash involved in the Barry Seal operation go? Were Arkansas financial institutions involved in laundering drug money?

Again, how Mena worked is of some present moment as the U.S. continues to wrestle with illegal drugs—their use apparently on the increase again among teenagers—and the attendant corruption. Mena may provide a window into one of the big sources of this problem.

By CHRISTINA HOFF SOMMERS

New Jersey sponsors the "New Jersey Project": Its goal is to "transform" the curriculum in higher education to make it more multicultural and "inclusive." The project circulates a "guideline" cautioning that "much previous scholarship has offered a white, male, Eurocentric, heterosexist, and elite view of 'reality.'" Citing the words of feminist historian of science Elizabeth Fee, the guideline explains how male scientists exploit nature the way a violent man exploits a helpless woman: "Nature was female, and knowledge was created as an act of aggression—a passive nature had to be interrogated, unclothed, penetrated, and compelled by man to reveal her secrets."

The document is striking because it emanates from an official government agency. But it is the kind of attack that has been routinely leveled at science by multiculturalists, radical environmentalists, feminist theorists and others on the cultural left for the past several years. One example from academia is a 1986 convocation address delivered by Donald Harward, then vice president of academic affairs at the College of Wooster in Ohio. Mr. Harward informed the students that "there is no objectivity even in science," and put them in the know by telling them that "learning and teaching have less to do with truth, reality and objectivity than we had assumed." He has since gone on to become president of Bates College in Maine.

An Active Defense

Until quite recently, professional scientists studiously avoided reacting to these sort of "critiques." Fortunately, some are beginning to realize that "anti-science" is a serious threat that calls for an active defense. Last month, under the auspices of the New York Academy of Sciences, University of Virginia biologist Paul Gross and Rutgers mathematician Norman Levitt helped organize "The Flight from Science and Reason," a high-level conference of more than 200 scientists, physicians and humanists who met "to consider the contemporary flight from reason and its associated anti-science."

The distinguished panelists, who included Harvard economist Henry Rosovsky and Nobel Laureate Dudley Herschbach, explored "fashionable irrationalisms," and examined "the threats, or the damage already done, to public understanding . . . and considered practical possibilities for effective responses."

In one damage report Prof. Gerald

Hollon, physicist at Harvard University, said that at the Smithsonian Institution's American Chemical Society exhibit, a more telling politics at the Smithsonian's Enola G.

In 1983, the Smithsonian Museum to design a permanent exhibit in American Life. Usually expected an triumphs of 20th century and did not imagine spelled out in the and \$5 million later was an exhibition can science as a and environment

A consensus of scientists, p up against

rosalinda and Nagas Canal, Three Mile sion of the space sh opposed to showing science and technol ing failures and ho exhibit took an ove view of American s

Head curator A moved by the ACS's hibit lacked balanc magazine, "The p something about the The curators defens as if theirs was the "We know it is imp integrity of the Smit American pre-em high technology is o the 20th will go do American century. S well as dismaying, ti dians feel morally American science an how it has dramatic life. Negotiations b and the Smithsonian but a happy ending i

Martin Lewis, a r onmentalist at Di formed the conferen science, coupled w reason, is the norm influential group of the study of . . . en

Actions Sp

The greatest illusion in business is that employees work for managers; this, of course, is exactly the inverse of reality. As the unions learned in the 1970s, the day that a significant group of employees chooses to stop working, managers are helpless to carry out the tasks of business.

If you are a manager, the work force arrives at your doorstep every day primed to observe how you teach and implement the corporate culture and to measure how you exercise the standards your organization purports to honor. If the employees believe in you, they reward you with superior efforts. If you fail to meet their expectations, they punish you with substandard quality and efficiency. Work force productivity is a fair measure of how employees rate a manager's performance.

If you accept this premise, then you also will recognize that managers are primarily in the teaching business. Every philosophy, attitude and business practice used by a manager in dealing with his employees ultimately will be re-expressed by the employees through the quality of their work. Show me an organization with a high absentee rate, problems with expense accounts, or a cover-your-butt mentality, and I'll show you a manager who is se-

ered or the nature of t tained. Managers re sweet and sour.

Some years back, with Jay Chiat, found ica's most honored a "You know," Jay sa continuously contact stars and seduce the salaries and lots of l press. Yet, a year o these young stars just

Manager

By J:

face of the earth." Who hired his hotshots, couldn't buy were Chi vironment and the sup of talented colleagues alive person's work so Jay's point applies Great work doesn't j minds of one or two c produced by an entir understands and enc

Big Temptation

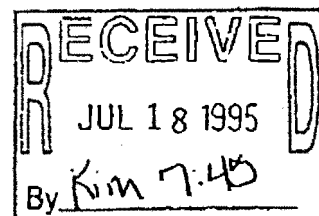
Philanthropic and productive are Bank a bit from the rest of the scene.

2. either is
- coming from
Banking and
maybe HPSC-2
at this. You
are the winner!
Chalun



7/18

One Hundred Fourth Congress
Republican Staff



COMMITTEE on BANKING and FINANCIAL SERVICES

Subcommittee on Domestic and International Monetary Policy

B-303 Rayburn House Office Building
Washington, D.C. 20515

Phone (202) 226-0473
Fax (202) 226-0537

TO

FAX # (703) 492-8807

FROM James McCarrick

DATE 7/17/95

PAGES (including cover sheet) 6

RE 7/21/95 Briefing

[redacted] — this was to appear in the April Forbes but got spiked. We saw an advance copy awhile ago. This is the most cogently argued — if wild — of the genre I've seen. It will except the community to be responsive to Q's based on the Norman piece. Jim Leach

Exclusive to Media Bypass Magazine

"Fostergate"

By James R. Norman

Was White House Deputy Counsel Vince Foster Selling U.S. Secrets to Israel? The CIA Suspects He Was.

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"FOSTERGATE"

Two weeks before his death on July 20, 1993, White House Deputy Counsel Vincent W. Foster went into a deep funk. The official cause of death, given by Independent Counsel Robert Fiske Jr., was suicide driven by depression over, among other things, some newspaper editorials. But Vince Foster had a much bigger and darker reason to be seriously bummed out. He had just learned he was under investigation for espionage.

Outrageous? To say the least. But a lengthy investigation has located more than a dozen sources with connections to the intelligence community who confirm a shocking story of money laundering and espionage connected to the highest levels of the White House. Without grants of immunity, the sources risk going to prison for violation of the National Security Act. Virtually all have demanded anonymity.

According to a veteran Central Intelligence

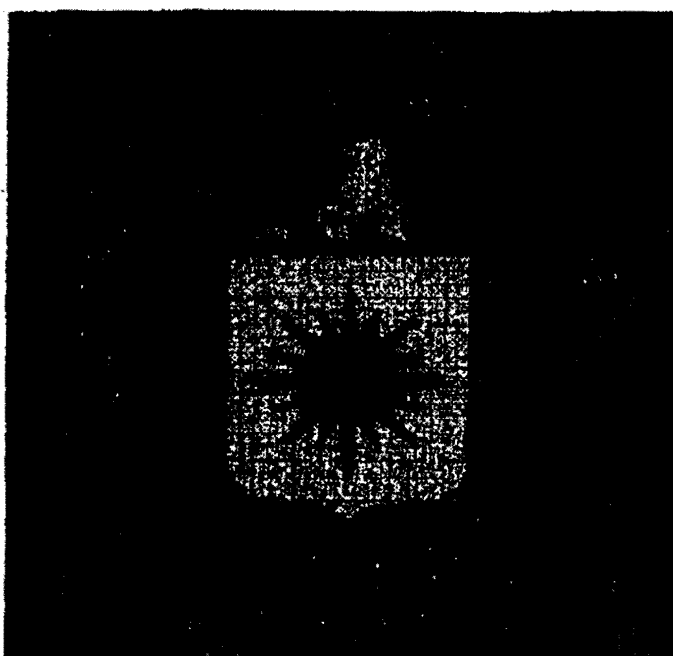
Agency operative close to the Foster investigation, Foster's first indication of trouble came when he inquired about his coded bank account at Banca Della Svizzera Italiana in Chiasso, Switzerland, and found the account empty. Foster was shocked to learn from the bank that someone using his secret authorization code had withdrawn all \$2.75 million he had cashed there and had moved it

to, of all places, the U.S. Treasury.

Then, according to credit card records reviewed by a private investigator who has revealed them, Foster canceled the two-day round-trip TWA and Swiss Air plane tickets to Geneva he had purchased on his American Express card through the White House travel office on July 1.

Discreetly he began asking what was afoot, says the CIA source, confirming that someone in the White House tipped him off. It was bad news. The CIA had Foster under serious investigation for leaking high-level secrets to the State of Israel.

For months, a small cadre of CIA computer hackers known as the Fifth Column, armed with a Cray supercomputer, had been monitoring Foster's Swiss account. They had located it by tracking money flows from various Israeli government accounts after finding Foster's name while secretly snooping through the electronic files of Israel's Mossad. Then by snooping through the bank files, they



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"FOSTER CASE"

gathered all the information needed to withdraw the money.

Foster was just one of the first of scores of high level U.S. political figures to thus have their secret Swiss accounts looted of illicit funds, according to both this veteran CIA source and a separate source in another intelligence agency. Over the past two years, they say, more than \$2 billion has been swept out of offshore bank accounts belonging to figures connected to the U.S. government with nary a peep from the victims or their banks. The claim that Foster and other U.S. figures have had offshore accounts has been confirmed by a separate high-ranking CIA source and another in the Department of Justice.

Various sources, some of them controversial, have contributed other pieces to this puzzle. Whatever their motivations, these sources have proven remarkably consistent. Their stories jibe well with known facts and offer a most plausible explanation for Foster's mysterious depression. It would also explain Washington's determined effort to dismiss the Foster affair as a tragic but simple suicide.

Vince Foster a spy? Actually, it is much worse than that. If the CIA's suspicions are confirmed by the ongoing foreign counterintelligence probe, He would have been an invaluable double agent with potential access to not only high-level political information, but also to sensitive code, encryption and data transmission secrets, the stuff by which modern war is won or lost. That is because for many years, according to nine separate current and former U.S. law enforcement or intelligence officials, Foster had been a behind-the-scenes manager of a key support company in one of the biggest, most secretive spy efforts on record, the silent surveillance of banking transactions both here and abroad.

This bank snooping effort began in earnest soon after Ronald Reagan became president in 1981. Its primary aim was to track the money behind international terrorist groups and soon came to be dubbed, "Follow the

money", according to the originator of the program Norman A. Bailey. Now a private Washington consultant on international banking, Bailey was an economist and Reagan advisor on the National Security Council. It was Bailey's idea to begin using powerful new computer and electronic savings-dropping technologies then emerging to let the intelligence community monitor the previously confidential flow of bank wire transfers. This was no small task; more than \$1 trillion a day moves through New York alone.

Bailey himself constrained by the

Various sources, some of them controversial, have contributed other pieces to this puzzle.

Whatever their motivations, these sources have proven remarkably consistent. Their stories jibe well with known facts and offer a most plausible explanation for Foster's mysterious depression.

National Security Act, claims he doesn't know exactly how the data was collected. But he confirms that within a few years the National Security Agency, the signals intelligence arm of the government, had begun vacuuming up mountains of data by listening in on bank wire traffic. It became a joint effort of several Western governments with the Israelis playing a leading role, since they were the main target of terrorism.

Other intelligence experts say the flow of bits and bytes was captured by various means; from simply tapping phone lines to implanting customized chips in bank computers to store up and periodically burst-transmit data to a passing van, or

low-flying "sig-int" or signals intelligence satellite. Another part of the problem was to get the world's banks to standardize their data so that it could be easily analyzed. And that brings us to PROMIS, a powerful tracking software developed for the U.S. Government and then further enhanced by a little company called Inslaw Inc.

PROMIS stands for Prosecutor's Management Information Systems and was designed to manage legal cases. In 1982, just as Bailey's follow-the-money effort was gaining steam, the Reagan Justice Department eagerly snapped up Inslaw's newest version of PROMIS. But the government refused to pay the \$6 million owed for it, claiming part of the contract was not fulfilled. Inslaw, forced into Chapter 11 reorganization, and nearly driven to quick liquidation by the government and its former partner AT&T, hotly denied that claim. Ultimately, a bankruptcy judge ruled the government stole the PROMIS software by "trickery, fraud and deceit".

Why PROMIS? Because it was adaptable. Besides tracking legal cases, it could be easily customized to track anything from computer chip design to complex monetary transactions. It was especially useful for tracking criminals or just plain political dissidents. Inslaw claims the software was eventually illegally sold to as many as 50 countries for use by their police, military or intelligence agencies, including such bloody regimes as Guatemala, South Africa and Iraq (before the 1990 invasion of Kuwait). Profits on these sales, Inslaw claims, went mainly into the private pockets of Republican political cronies in the 1980s, including Reagan confidant Earl Brain, former part-owner of UPI and FNN.

Among the biggest profiteers on PROMIS, according to the 1992 book by former Israeli anti-terrorism staffer Ari Ben-Menashe, was former British publisher Bob Maxwell. On behalf of the Israelis, Maxwell aggressively marketed a doctored version of PROMIS equipped with one or more "back doors" to allow an outsider to tap into the user's data base

without leaving an audit trail. In fact, it may have been such rigged programs that allowed noted Israeli spy Jonathan Pollard, from his computer terminal at the Office of Naval Intelligence in Washington, to download vast amounts of top secret U.S. nuclear weapons and code data in the mid-1980s.

According to a heavily-redacted New Mexico FBI counterintelligence report, Maxwell was apparently allowed to sell two copies of PROMIS back to the U.S. weapons labs at Sandia and Los Alamos, for what Inslaw claims was a hugely inflated price of \$37 million. That would have allowed Pollard, if he was using the rigged program, to obtain U.S. missile targeting data long before Israel had its own satellite capability, thus making it a real nuclear threat to the Soviet Union. Pollard was convicted of espionage and sentenced in 1986 to life imprisonment. U.S. officials have vehemently opposed efforts to gain his early release.

Maxwell, according to Ben-Menasche and nine other sources, was also selling pirated versions of PROMIS to major world banks for use in their wire transfer rooms to track the blizzard of numbers, authorization codes and confirmations required on each wire transaction. Don't expect any banks to admit running PROMIS. They probably now know it was pilfered. But they readily took it both because it was the best tracking software available at the time and because the U.S. government was tacitly leaning on them to go along with the surveillance effort or face regulatory reprisals or prosecution on money laundering charges. With the widespread adoption of PROMIS, the data became standardized and much easier to analyze by the NSA.

It took some effort to install and support PROMIS in the banking industry. That's where Vince Foster came in. Sources say that since at least the late 1970s, Foster had been a silent, behind-the-scenes overseer on behalf of the NSA for a small Little Rock, Ark., bank data processing company. Its name was Systematics Inc., launched in 1967 and funded and controlled for most of its life

by Arkansas billionaire Jackson Stephens, a 1946 Naval Academy graduate along with Jimmy Carter. Foster was one of Stephens' trusted deal makers at the Rose Law Firm, where he was partner with Hillary Rodham Clinton, Webster Hubbell and William Kennedy (whose father was a Systematics director). Hubbell also played an overseer role at Systematics for the NSA for some years according to intelligence sources.

Systematics has had close ties to the NSA and CIA ever since its found-

Sources say that since at least the late 1970s, Foster had been a silent, behind-the-scenes overseer on behalf of the NSA for a small Little Rock, Ark., bank data processing company. Its name was Systematics Inc., launched in 1967 and funded and controlled for most of its life by Arkansas billionaire Jackson Stephens, a 1946 Naval Academy graduate.

ing, sources say, as a money-shuffler for covert operations. It is no secret that there were billions of dollars moving around in "black" accounts — from buying and selling arms to the Contras, Iran, Iraq, Angola and other countries to paying CIA operatives and laundering money from clandestine CIA drug dealing. Having taken over the complete computer rooms in scores of small U.S. banks as an "outsourced" supplier of data processing, Systematics was in a unique position to manage that covert money flow. Sources say the money was moved at the end of every day disguised as a routine bank-to-bank balancing transaction, out of view of bank regulators and even the banks themselves. In short, it became cyber-money.

One man who uncovered the link between Systematics, Foster and covert money movements from arms and drugs was Bob Bickel, who was an undercover Customs investigator in the 1980s. "We found Systematics was often a conduit for the funds" in arms and drug transactions, says Bickel, now living in Texas. "They were the money changers." His story is corroborated by a former CIA employee who says it was well known within the agency in the late 1970s that Foster was involved with Systematics in covert money management.

Another source is Michael Riconosciuto, former research director of the covert arms operation at California's tiny Cabazon Indian Reservation in the early 1980s. Riconosciuto claims his crew of computer programmers helped customize PROMIS there for banking and other use. He is now serving 30 years in a South Carolina federal prison ostensibly on drug charges. Though maybe not a credible source on his own, his story fits well with other sources.

Systematics' money-laundering role for the intelligence community might help explain why Jackson Stephens tried to take over Washington-based Financial General Bankshares in 1978 on behalf of Arab backers of the Bank of Credit and Commerce International. BCCI's links to global corruption and intelligence operations has been well documented, though many mysteries remain.

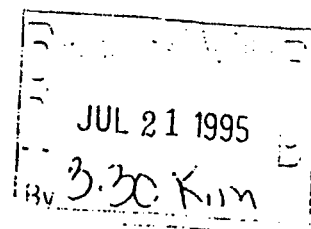
According to a lawsuit filed by the Securities and Exchange Commission, Stephens insisted on having then-tiny Systematics brought in to take over all of FGB's data processing. Representing Systematics in that 1978 SEC case: Hillary Rodham Clinton and Webster Hubbell. Stephens was blocked in that takeover. But FGB, later renamed First American, ultimately fell under the alleged domination of BCCI through Robert Altman and former Defense Secretary Clark Clifford. According to a technician who worked for First American in Atlanta, Systematics became a key computer contractor there anyway.

In the 1980s, Systematics' business boomed. When it first sold stock

"FOSTERGAMES"



One Hundred Fourth Congress
Republican Staff



COMMITTEE on BANKING and FINANCIAL SERVICES

Subcommittee on Domestic and International Monetary Policy

B-303 Rayburn House Office Building
Washington, D.C. 20515

Phone (202) 226-0473
Fax (202) 226-0537

TO

[Redacted box]

FAX # ()

FROM

James McCormick

DATE

PAGES (including cover sheet) 11

RE

Today's briefing.

Many thanks, I think it was extremely helpful. If you could get back to us on loose ends and that letter, we'd be appreciative. If we could also get back to you with any add'l Q's on Mona.

*Thanks
JW19*

7/21/95

Questions for CIA and NSA representatives

Background

As you know, there have been many published reports and allegations that the airport in Mena, Arkansas, was the base for a significant operation, allegedly in support of contra operations in Central America.

Planes reportedly flew arms to the Contras in Nicaragua and returned from Central America with drugs, and the proceeds from the sale of these drugs was then supposedly [redacted] in Arkansas, possibly with the knowledge of state authorities and the involvement of companies called Park-o-Meter and Systematics. There are tales that some of this [redacted]

[redacted]

Please understand that I am not interested in launching a new probe of our Contra policy with the intent of suggesting wrongdoing by your agencies. What I am obligated to do is probe Whitewater-related allegations so that they can be proven true or false, as well as certain other issues that fall under the jurisdiction of the Banking and International Relations committees on which I serve. There is a lot of smoke here and possibly very little fire. Nevertheless, it is important that I be able to affirm that all allegations have been thoroughly reviewed.

GENERAL QUESTIONS

-- Have any of you or anyone else at either the CIA or the NSA discussed this inquiry from us with anyone at the White House, the Department of Justice or any other government organization?

-- Does the CIA or NSA have knowledge of or any involvement in clandestine activity by the U.S. Government or any private parties in or near Mena, Arkansas, in the 1980s?

-- Have any reports on activities in and around Mena been prepared for the DCI, specifically, for former Director Woolsey?

A. Gun Smuggling

-- Did the CIA or NSA have any involvement in, or knowledge of, any operation by the U.S. government or the so-called "private benefactors" (led by retired Gen. Richard Secord) to train pilots and/or ship arms from the Rich inter-mountain regional airport at Mena to the Nicaraguan Contras?

-- If so, did any such activities take place with the knowledge or approval of other Federal officials?

-- Did any such activities take place with the knowledge or approval of Arkansas state government officials?

-- Did the CIA contract with any Arkansas manufacturers to build automatic weapons for the Nicaraguan Contras?

-- Does the CIA or NSA have any contractual relationship with, or knowledge of, an Arkansas company called Park-o-Meter, also known as POM? Do you have any reason to believe that POM produced disposable fuel tanks for use by Barry Seal and possibly others in connection with supplying arms to the Contras?

B. Barry Seal and Associates

-- Did the CIA or NSA have any contractual or other relationship with the late Adler Barriman "Barry" Seal (Seal was murdered, allegedly at the direction of Columbian drug lords, in Feb. 1986)?

-- To your knowledge, did any other government agency (such as the DEA or DIA) have any contractual or other relationship with Barry Seal?

-- Is the CIA or NSA aware of any IRS determination that money earned by Seal between 1984 and 1986 was not illegal because of his alleged CIA-DEA employment?

-- Did the CIA have any involvement in, or knowledge of, the installation of cameras on Seal's C-123K transport plane for

use in a 1984 "sting" operation against the Sandinista official Federico Vaughan?

-- / Was Seal's C-123K cargo plane, christened Fat Lady (serial number 54-0679), sold by Seal to the CIA or any other U.S.-government related entity? Was this plane later shot down over Nicaragua with a load of arms destined for the Contras?

-- Did the CIA have any contractual or other relationship with Terry Reed, a former Air Force intelligence officer (who claims he had a relationship with the CIA in the 1980s) and author of Compromised: Clinton, Bush and the CIA?

-- Did the CIA ever have dealings with former Arkansas State Trooper L.D. Brown?

-- Is the CIA or NSA aware of any attempts by federal or state officials to interfere with or terminate any investigation the IRS, Justice Department, Arkansas State Police or any other law-enforcement authorities into Mena-related criminal conduct?

C. Narcotics Smuggling

-- Did the CIA or NSA have any knowledge of or involvement in illicit narcotics trafficking, possibly by rogue operatives, in or near Mena, Arkansas? As you know, there have been allegations that on

their return flights from Central America, pilots smuggled more than 20 tons of cocaine into Mena.

D. [REDACTED]

-- Did the CIA or NSA have any indication that [REDACTED]

-- Does the CIA or NSA have any indication that by Barry Seal or his associates attempted to [REDACTED]

-- Does the CIA or NSA have any indication that [REDACTED]

E. [REDACTED]

-- Does the CIA or NSA know of any [REDACTED] or more ever held by U.S. citizens domiciled in Arkansas at anytime between 1988 and now?

-- Is the CIA or NSA aware, directly or indirectly, of any efforts by [REDACTED]

[Redacted]

-- Does the CIA have the capability of [Redacted]

[Redacted]

-- Does the NSA have the capability of [Redacted]

[Redacted]

-- [Redacted]
does CIA and/or NSA have the capability,
directly or through another party, of [Redacted]

[Redacted]

-- Does CIA or NSA have the authority to [Redacted]

[Redacted]

-- Has CIA or NSA ever [Redacted]

[Redacted]

-- Does the CIA maintain a team of skilled computer hackers who routinely break into the electronic data systems of foreign banks? According to one source, this group

is informally known as the Fifth Column.
Correct?

-- Does the NSA [redacted]

[redacted]

-- Does the CIA or NSA know of or
has either agency participated in, directly
or indirectly, efforts to sell software--
notably versions of a program in use at the
Justice Department called PROMIS
--or other devices to foreign banks for the
purpose of facilitating [redacted]
[redacted] of their electronic data systems.

-- Does the CIA or NSA know of
customers to whom this software has been
sold? [redacted]

-- Is the CIA or NSA aware of any
attempts by [redacted]

[redacted]

-- Does CIA or NSA know of any
efforts by [redacted]

[redacted]

-- Has the CIA or NSA received any indication that proceeds from the sale of PROMIS or similar software were used to finance arms shipments to the Contras?

-- Are there any indications of

[REDACTED]

-- Is the CIA or NSA aware of any unauthorized efforts, possibly in the margin of legitimate intelligence operations to

[REDACTED]

-- Does CIA or NSA know of a Charles Hayes, who was born on 4/27/35, whose social security number is [REDACTED] and who now resides in Nancy, Kentucky?

-- If so, has Hayes ever had any ties to the CIA or NSA or any other U.S. government agency? Have these ties been severed?

-- Hayes claims to be able to break into the electronic data systems of foreign banks. Has CIA [REDACTED]

[REDACTED]

-- Is NSA or CIA aware of an account, number b-142AB2, at the Banca Della Svizzera Italiana in Chiasso, said to have belonged to Vincent Foster?

-- Is either the CIA or NSA aware of any foreign governments that might have provided arms, money or assistance to any group operating out of Mena?

~~SECRET~~

14 AUG 1995

Joanne Isham

(b)(1)
(b)(3)
(S)

**Status Report on Inquiry from Chairman Leach
House Banking and Finance Committee**

Briefing Request

- Chairman Leach (R-IA) wrote you on 11 July 95 seeking your help in "verifying or laying to rest various allegations of money laundering in Arkansas in the late 1980s." (Copy of letter attached as Tab A.)
- He asked for a briefing from the CIA's Inspector General to address 7 topics ranging from efforts to [redacted] to whether the Agency was aware of certain companies and individuals who allegedly operated in or around Mena, Arkansas.
- The worst of these allegations, faxed to us before the briefing, credited to a CIA source in a magazine called Media Bypass, is that the CIA discovered that Vince Foster was a spy for the Israelis, and used a Cray supercomputer at CIA Headquarters to surreptitiously drain \$2.73 million from Foster's secret Swiss account. The article goes on to speculate that Foster committed suicide because he discovered his account had been drained. (Copy of article attached as Tab B.)
- A similar briefing request was sent to NSA.

Briefing by CIA and NSA

- On 21 July 95, Congressional Affairs and Inspector General representatives from CIA and NSA met with Chairman Leach and his assistant staff director, James McCormick.
- Chairman Leach was very cordial at the briefing, but his first question was whether anyone at either agency had discussed his inquiry with anyone at the White House, the Department of Justice, or any other governmental organization and he was told we had not discussed this outside the agency.
- The CIA's IG had not conducted investigations into these allegations and had a limited role in the briefing. The Agency's OCA representative advised that we had not finished our records review, but we were aware of one of the individuals identified in

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DATE: JUL 2002

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the Chairman's 11 July letter, Barry Seal (now deceased). We knew of Seal because of previous inquiries (in connection with criminal prosecutions of other individuals), but advised we had no relationship to Seal nor any records regarding his activities in Mena, Arkansas.

- We also advised him that both the SSCI and the House Judiciary Committee conducted in-depth reviews in 1991 and 1993, respectively, about another subject of his 11 July letter inquiry, [REDACTED] PROMIS software. The conclusion then and now, is that the Agency never purchased any [REDACTED] PROMIS software.

[REDACTED]

- [REDACTED]

- During the briefing, Chairman Leach read from a list of additional questions provided to us after the briefing. The briefers indicated that we could not answer all of these questions conclusively, and Chairman Leach asked for some limited follow-up searches. (Copy of additional questions attached as Tab C.)
- NSA's IG had no information about the questions posed in the 11 July letter, but did provide a brief broadbrush background on how NSA conducts its normal daily activities [REDACTED]

[REDACTED]

- We are continuing to search our records for responsive information and once the review of these materials is completed, we will brief the findings to our oversight committees, the NSC and Chairman Leach.

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~~SECRET~~

OCA 95-2274
16 August 1995

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for Representative James Leach (R-IA)
Regarding [redacted] in Arkansas in the
Late 1980s with NSA - 21 July 1995

(b)(1)
(b)(3)
(b)(6)

1. On 21 July 1995, at 1000 hours, in room 2186 Rayburn House Office Building, Chairman James Leach (R-IA), Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Agency participants were: [redacted] Investigative Staff, Office of Inspector General; [redacted] Chief, Legislation Group, Office of Congressional Affairs; and the undersigned. NSA participants were: Frank Newton, Inspector General, and [redacted] Congressional Affairs. [redacted]

2. Representative Leach began the briefing by saying that he was not interested in opening a new probe of U.S. Contra-policy or suggesting wrongdoing by either Agency, especially since he served on the October Surprise Task Force, where he was convinced that the Marcos' walked away with billion of dollars. Leach, however, did say he based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] [redacted] and an Arkansas-centered network of banks formed to [redacted] (see attached incoming letter). Leach also said that over a period of time he had talked to a lot of people regarding this issue. He said that most of the allegations contained within the articles were probably false, but he felt an obligation to look into Whitewater related allegations on behalf of the Banking Committee. That said, some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. [redacted]

3. [redacted] along with Frank Newton, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush



I-102J
H Leach

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SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the late 1980s - 21 July 1995

background briefing on how NSA conducts its normal daily activities [redacted] said that the capability of the IG to conduct its function depends in part on cooperation by others with CIA and thus far the IG had not look into any of these allegations. However, [redacted] said as he understood the current issue, a thorough search had been conducted by CIA regarding PROMIS/Inslaw issues relating to Systematics, Inc., Mena, and Hadron, during a much earlier timeframe. Also, he understood that thus far very little information had been found to be responsive to the exact allegations contained in the current letter. [redacted] however, did say that the Agency had perhaps made some connections within the larger picture of things. The Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. Seal's association with the Drug Enforcement Agency (DEA) was widely publicized, [redacted]

[redacted] AS FOR PROMIS, that issue had been looked at in-depth by the Senate Select Committee on Intelligence (SSCI) and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. [redacted]

[redacted] Chairman Leach was also informed that we had not found any records related to Systematics of Arkansas, a banking software firm, [redacted]

4. [redacted]

~~SECRET~~

~~SECRET~~

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

5. [redacted]

6. Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. For those questions and responses, please see attached pages from a draft memorandum provided by staffer Jamie McCormick and checked against the personal notes of the undersigned. The responses in the draft memorandum correspond correctly to the personal notes of the undersigned. ☐

7. Leach concluded by once again saying he has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearings on these allegations in the fall. (U)

8. The briefing lasted approximately 90 minutes. Leach was informed that the Agency would continue to check its records, especially on questions relating to: 1) Park-o-Meter; 2) CIA's relationship, if any, with Terry Reed; and 3) whether the CIA had any connection to Seal's cargo plane (serial number 54-0679). ☐

[redacted]
CIA Liaison Group
Office of Congressional Affairs

Attachments

~~SECRET~~

~~SECRET~~

SUBJECT: Briefing for Representative James Leach
(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

DCI/OCA/CIALiaisonGrp/[redacted] (22 Aug 95)
OCA 95-2274 [redacted]

Distribution:

Original - OCA Records (w/atts)
1 - D/OCA (w/o atts)
1 - [redacted] (w/o atts)
1 - [redacted] Chrono (w/atts)

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With the Congress

07/25/95

Briefing for Representative Leach (R-IA) on Allegations of [] in the Late 1980s

On 21 July, Chairman James Leach, Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [] in Arkansas in the late 1980s. Leach based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [] and an Arkansas-centered network of banks formed to [] CIA's Office of Inspector General, and [] Office of Congressional Affairs, along with Frank Newton, NSA's Inspector General, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush background on how NSA conducts its normal daily activities [] [] said that a thorough search had been conducted by CIA, and thus far very little information had been found to be responsive to the exact allegations contained in the letter. [] however, did say that the Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. As for PROMIS, that issue had been looked at in-depth by both SSCI and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. Chairman Leach was informed that we had not found any records related to Systematics of Arkansas, a banking software firm []

Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. Leach said he had talked to a lot of people regarding this issue, but he emphasized that he was aware that most of the allegations were false. Leach also said that he has concluded that some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. He has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearing on these allegations in the fall. (U)

~~SECRET~~

~~SECRET~~

Follow Up Actions: Provide McCormick with a copy of SSCI letter regarding PROMIS.

[REDACTED] OCA/LiaisonGrp [REDACTED]

~~SECRET~~

Responses to Chairman Leach's Prepared Questions of 7/21

Q: Have any of you or anyone else at either the CIA or NSA discussed this inquiry from us with anyone at the White House, the Department of Justice, or any other governmental organization?

A: No, not in response to Chairman Leach's letters requesting a briefing.

Q: Does the CIA or NSA have knowledge of or any involvement in clandestine activity by the U.S. Government or any private parties in or near Mena, Arkansas, in the 1980s?

A: CIA's knowledge [redacted]

[redacted] NSA [redacted]

Q: Have any reports on activities in and around Mena been prepared for the DCI, specifically, for former Director Woolsey?

A: No. The only reports the CIA has were prepared in conjunction with the Chairman's requested briefing.

A. Gun Smuggling

Q: Did the CIA or NSA have any involvement in, or knowledge of, any operation by the U.S. government or the so-called "private benefactors" (led by retired Gen. Richard Secord) to train pilots and/or ship arms from the Rich inter-mountain regional airport at Mena to the Nicaraguan Contras?

A: NSA, [redacted] CIA representatives replied that they "did not think so." CIA noted that the IG had checked back records on this issue in 1994 and had discovered no responsive information. CIA noted parenthetically that the operational activities of the private benefactors were mainly conducted from southern Florida.

Q: (Skipped) If so, did any such activities take place with the knowledge or approval of other Federal officials?

Q: (Skipped) Did any such activities take place with the knowledge or approval of Arkansas state government officials?

Q: (Skipped) Did the CIA contract with any Arkansas manufacturers to build automatic weapons for the Nicaraguan Contras?

Q: Does the CIA or NSA have any contractual or other relationship with, or knowledge of, an Arkansas company called Park-o-Meter, also known as POM? Do you have any reason to believe that POM produced disposable fuel tanks for use by Barry Seal and possibly others in connection with supplying arms to the Contras?

A: NSA ☐ CIA had no knowledge, but would check and get back to the Chairman.

B. Barry Seal and Associates

Q: (Skipped) Did the CIA or NSA have any contractual or other relationship with the late Adler Barriman "Barry" Seal (Seal was murdered, allegedly at the direction of Columbian drug lords, in Feb. 1986)?

Q: To your knowledge, did any other government agency (such as the DEA or DIA) have any contractual or other relationship with Barry Seal?

A: NSA, ☐ CIA had no confirmation from any other USG agency, including DEA, that Seal had any government contracts

Q: Is the CIA or NSA aware of any IRS determination that money earned by Seal between 1984 and 1986 was not illegal because of his alleged CIA-DEA employment?

A: NSA, ☐ CIA, no.

Q: Did the CIA have any involvement in, or knowledge of, the installation of cameras on Seal's C-123K transport plane for use in a 1984 "sting" operation against the Sandinista official Federico Vaughan?

A: CIA, no.

Q: Was Seal's C-123K cargo plane, christened Fat Lady (serial number 54-0679), sold by Seal to the CIA or any other U.S.-government related entity? Was this the plane later shot down over Nicaragua with a load of arms destined for the Contras?

A: CIA, no records suggested it was.

Q: Did the CIA have any contractual or other relationship with Terry Reed, a former Air Force intelligence officer (who claims he had a relationship with the CIA in the 1980s) and author of Compromised: Clinton, Bush and the CIA?

A: CIA had no knowledge, but would check further.

Q: Did the CIA ever have dealings with former Arkansas State Trooper L.D. Brown?

A: CIA no, not beyond as stated earlier in their presentation.

Q: Is the CIA or NSA aware of any attempts by federal or state officials to interfere with or terminate any investigation [by] the IRS, Justice Department, Arkansas State Police or any other law-enforcement authorities into Mena-related criminal conduct?

A: CIA, no. NSA, ☐

C. Narcotics Smuggling

Q: Did the CIA or NSA have any knowledge of or involvement in illicit narcotics trafficking, possibly by rogue operatives, in or near Mena, Arkansas? As you know, there have been allegations that on their return flights from Central America, pilots smuggled more than 20 tons of cocaine into Mena.

A: NSA, ☐ CIA no. ☐ noted that CIA had also checked with its counter-narcotics center, which reported no responsive information available.

D. Money Laundering

Q: Did the CIA or NSA have any indication that ☐
☐ local businesses and Arkansas ☐

A: NSA, ☐ CIA, no.

Q: Does the CIA or NSA have any indication that Barry Seal or his associates attempted to ☐
☐

A: NSA, ☐ CIA, no.

Q: Does the CIA or NSA have any indication that the proceeds from illicit narcotics trafficking might have been laundered through the Arkansas Development Finance Authority (ADFA)?

A: NSA, ☐ CIA, no.

E. ☐

Q: Does the CIA or NSA know of any secret ☐
☐ or more ever held by U.S. citizens domiciled in Arkansas at anytime between 1988 and now?

A: NSA ☐
☐

CIA representatives stated

that, to the best of their knowledge, CIA maintained the same policy. CIA also stated that any records it might have had would have been [redacted]

Q: (Not directly asked, referenced indirectly in the eighth question in this section) Is the CIA or NSA aware, directly or indirectly, of any efforts by [redacted]

Q: Does the CIA or NSA have the capability of [redacted]

A: [redacted]

[redacted] CIA representatives had no specific knowledge with respect any such agency capability, [redacted]

Q: [redacted] does CIA and/or NSA have the capability, directly or through another party, of [redacted]

A: Newton stated NSA has [redacted]

Q: (Skipped) Does CIA or NSA have the authority to [redacted]

Q: (Skipped) Has CIA or NSA ever [redacted]

Q: Does the CIA maintain a team of skilled computer hackers who routinely break into the electronic data systems of foreign banks? According to one source, this group is informally known as the Fifth Column. Correct?

A: [redacted]

Q: (Skipped) Does NSA [redacted]

Q: Does the CIA or NSA know of or has either agency participated in, directly or indirectly, efforts to sell software -- notably versions of a program in use at the Justice Department called PROMIS -- or other devices to foreign banks for the purpose of facilitating [redacted] of their electronic data systems?

A: NSA [redacted] CIA, [redacted]

Q: (Skipped) Does the CIA or NSA know of customers to whom this software has been sold? [redacted]

Q: Is the CIA or NSA aware of any attempts by [redacted]

A: NSA, [redacted] CIA, no.

Q: Does CIA or NSA know of any efforts by [redacted]

A: NSA, [redacted] CIA, no.

Q: Has the CIA or NSA received any indication that proceeds from the sale of PROMIS or similar software were used to finance arms shipments to the Contras?

A: CIA, no. NSA, [redacted]

Q: (Skipped) Are there any indications of cooperation by [redacted]

Q: (Skipped) Is the CIA or NSA aware of any unauthorized efforts, possibly in the margin of legitimate intelligence operations, [redacted]
[redacted]

Q: Does CIA or NSA know of a Charles Hayes, who was born on 4/27/35, whose social security number is [redacted] and now resides in Nancy, Kentucky?

A: CIA, no. NSA, [redacted]

Q: If so, has Hayes ever had any ties to the CIA or NSA or any other U.S. government agency? Have these ties been severed?

A: CIA, no. NSA, [redacted]

Q: Hayes claims to be able to break into the electronic data systems of foreign banks. Has CIA [redacted]
[redacted]

A: [redacted]
[redacted]

Q: Is NSA or CIA aware of an account, number b-142AB2, at the Banca Della Svizzera Italiano in Chiasso, said to have belonged to [the late] Vincent Foster?

A: NSA, [redacted] CIA, no. [redacted]
[redacted]

Q: Does the CIA or NSA know of any secret Swiss bank account that used to belong jointly to Vincent Foster and others that supposedly contained contributions to the Clinton presidential campaign?

A: CIA, no. NSA, [redacted] [redacted]

Q: Is the CIA or NSA aware of a fund known variously as the Medders or Meeders or Meadows or Meadors or Meaders Trust or Estate? The fund was allegedly first deposited at Pittsburgh's Mellon Bank some 50 years ago and is now reportedly worth billions. The allegation is that a legally ungoverned trust is under de facto control of a bank or group of banks under prospective legal challenges from alleged heirs and that income is so large that it is used as a secret source of funds by banks and high-ranking officials for sensitive political and economic purposes. The money and its movements, it is alleged, are hidden in a complex web of electronic transactions among the banks in the group.

A: CIA, no. NSA, ☐

Q: Is it possible, and does CIA have any information that might suggest, that alleged Mena-related activities stemmed from private Nicaraguan assistance groups, perhaps under the supervision, or at least knowledge of, Colonel North?

A: NSA, ☐ CIA was not aware of any such activity in or around Mena

Q: Did either NSA or CIA ever request that any government organization cooperate or not interfere with aircraft operating out [of] Mena?

A: CIA, no. NSA, ☐

Q: Is either the NSA or the CIA aware of any foreign governments who might have provided arms, money or any assistance to any group operating out of Mena?

A: NSA, ☐ CIA, no.

OCA Records

~~CONFIDENTIAL~~
Central Intelligence Agency



Washington, D.C. 20505

OCA 95-2161

3 August 1995

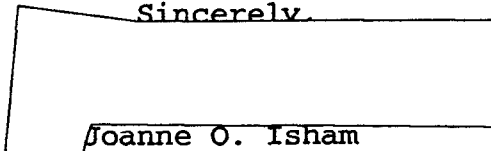
The Honorable James A. Leach
Chairman
Committee on Financial and
Banking Services
House of Representatives
Washington, D.C. 20515

(b)(1)
(b)(3)

Dear Mr. Leach:

Enclosed, per your request during the briefing on 21 July 1995 in your office regarding allegations of money laundering in Arkansas in the late 1980s with CIA and NSA, is a copy of the Agency's response to the Senate Select Committee on Intelligence, dated 2 August 1993, regarding their questions on the Agency's use of PROMIS software. Because of the classification of the letter, we would appreciate it if the letter is stored in the already CIA approved safe that was discussed earlier this year with Jamie McCormick. ~~(C)~~

Sincerely,



Joanne O. Isham
Office of Congressional Affairs

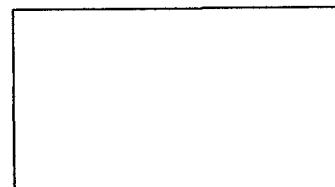
Enclosure



B-205
B-2
B-1036
I102J

APPROVED FOR RELEASE
DATE: JUL 2002

~~CONFIDENTIAL~~



14

~~CONFIDENTIAL~~

Central Intelligence Agency



Washington, D.C. 20505

OCA 1584-93/1

2 AUG 1993

Mr. Norman K. Bradley
Staff Director
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Bradley:

This is in further response to your March 1, 1993 letter raising new questions regarding Inslaw, Inc.'s PROMIS software and possible Agency involvement in its misappropriation. (U)

As our initial response to your letter made clear, a thorough search of Agency files and interviews of Agency employees in 1991 identified no information indicating that the Agency ever purchased or otherwise obtained Inslaw's PROMIS software or any derivative of it. [REDACTED]

(U)

Additional searches were conducted in response to your request, with negative results. The primary computer databases of the Director of Central Intelligence Area (DCI Area), the Office of General Counsel, the Offices of Logistics, Security, Personnel, and Information Technology in the Directorate of Administration, and the Directorates of Intelligence and Operations were searched, using search terms derived from your request and the letter from William Hamilton attached to it. Manual searches of hard-copy files were not conducted except in the DCI Area, where "soft files" concerning former DCI Casey were searched, including records of the participants in his meetings with individuals from both the public and private sectors. (U)

These Agency components located no records about Inslaw's PROMIS software, its misappropriation or modification, or its distribution to any foreign [REDACTED]

CONFIDENTIAL

~~CONFIDENTIAL~~

Mr. Norman K. Bradley

governments. [REDACTED]

[REDACTED] No records were located relating in any way to a joint venture between the Wackenhut Corporation and the Cabazon Band of Mission Indians of Indio, California, for arms or ammunition production. No records were identified indicating that former DCI Casey served as outside counsel to the Wackenhut Corporation prior to becoming DCI. Finally, no records were located concerning Michael Riconosciuto or Peter Videnieks. (C)

As you may know, former Attorney General William Barr appointed Judge Nicholas J. Bua as Special Counsel to investigate the Inslaw matter. Judge Bua's report was forwarded by the Department of Justice to the Senate and House Judiciary Committees on 17 June 1993, and may be of interest to you as you review the allegations underlying your request to us. (U)

If you have any further questions concerning this matter, please contact [REDACTED] of my staff at [REDACTED]. (U)

An original of this letter is also being sent to Mr. David Addington, Minority Staff Director. (U)

Sincerely,

/s/ Stanley M. Moskowitz

Stanley M. Moskowitz
Director of Congressional Affairs

~~CONFIDENTIAL~~

~~SECRET~~

Reg

APPROVED FOR
RELEASE DATE:
28-Sep-2009

OGC-95-51546
7 June 1995

(b)(3)

MEMORANDUM FOR: DO [redacted]

DA/IRO

OS/OPS [redacted]

OP/IMO

FROM:

[redacted]
Paralegal Specialist
Office of General Counsel

SUBJECT:

Records Search on -
Adler Barriman "Barry" Seal

1. Background. The Office of Congressional Affairs (OCA) has received information from Chairman James Leach regarding a search request on the late Adler Barriman "Barry" Seal. The search request is in order to disprove or verify certain allegations of illegal financial activity related to the so-called "Whitewater" investigation. (See attachment)

2. Please conduct an immediate records search from your office concerning whether the CIA has any information on Adler Barriman "Barry" Seal. Please determine whether CIA or other government agencies performed any covert activity in or near Mena, Arkansas, including whether the CIA or any other government agency had any contractual or other relationship for work performed in or near the same Arkansas location.

3. Your expeditious handling of this matter would be greatly appreciated. Please contact me on [redacted] as soon as your office has any information regarding the above request or if you have any questions regarding this matter. Please follow-up by sending your response to this name trace request to me at OGC/LD, [redacted]. The attorney handling this case is [redacted] and he can be contacted on [redacted].

[redacted]

Attachment as Stated

~~SECRET~~

82

61

~~SECRET~~

IG 95-1482
11 August 1995

(b)(3)

MEMORANDUM FOR: Director of Congressional Affairs

FROM: Frederick P. Hitz
Inspector General

SUBJECT: Meeting with Congressman Leach

REFERENCE: Ltr for DCI Deutch fr Leach, dtd
11 Jul 95

1. On 21 July 1995, [redacted], Associate Deputy Inspector General, Office of Inspector General (OIG), accompanied [redacted] and [redacted] of the Office of Congressional Affairs to a meeting with Congressman James A. Leach, Chairman of the U.S. House of Representatives Committee on Banking and Financial Services. Also attending were two representatives from the National Security Agency, OIG, and Chairman Leach's Chief of Staff. Chairman Leach had written to the Director of Central Intelligence to request a briefing from this Office relating to media allegations of money laundering in Mena, Arkansas; the use of PROMIS software in computers to monitor bank accounts; account transactions and to collect economic intelligence; and other related issues.

2. According to [redacted] Chairman Leach appeared satisfied with the answers he received from the attendees and did not ask this Office to conduct any inquiries or provide additional information on the matters discussed. Consequently, OIG does not plan to take any further action on the questions raised by Chairman Leach. This information may be communicated to Chairman Leach, but I request that any such communication be coordinated with this office.

3. If we can be of further assistance, please contact [redacted]

F. P. Hitz
Frederick P. Hitz

APPROVED FOR RELEASE
DATE: JUL 2002

All portions are
classified ~~SECRET~~

~~SECRET~~

12

SECRET

~~SECRET~~

OCA 95-2160
31 July 1995

MEMORANDUM FOR: Executive Director
DCI Chief of Staff

(b)(1)
(b)(3)
(S)

VIA: Director of Congressional Affairs

FROM:
Deputy Director for Legislation
Office of Congressional Affairs

SUBJECT: Update on Chairman Leach Inquiries

1. Attached is a memo on last week's briefing of Chairman Jim Leach, House Banking Committee, by CIA and NSA IG and Congressional Affairs officers. As Chairman Leach's letters to the DCI reflect, the Committee is looking at numerous allegations of illegal activities at and around Mena, Arkansas. Chairman Leach was very cordial at the briefing and indicated that he knew most of the allegations were outrageous, but that he wanted to say that the Committee has looked into these allegations and found them to be baseless. (The worst of these allegations, credited to a CIA source in a magazine called Media Bypass, is that the CIA discovered that Vince Foster was a spy for the Israelis, and used a Cray supercomputer at CIA Headquarters to surreptitiously drain \$2.73 million from Foster's secret Swiss account. The article goes on to speculate that Foster committed suicide because he discovered his account had been drained.) He stated that his major concern is the impact these types of allegations have on public confidence in the international and domestic financial systems.

2. Chairman Leach read from a list of questions that his assistant staff director, James McCormick, provided to us after the briefing (attached). The briefers indicated that we could not answer all of these questions conclusively, and Chairman Leach asked for some limited follow-up searches.



All Portions Classified ~~SECRET~~

APPROVED FOR RELEASE
DATE: JUL 2002

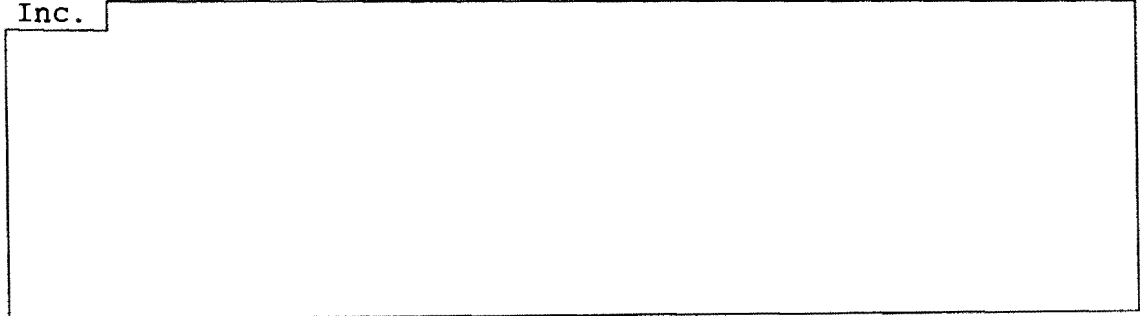
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(15)

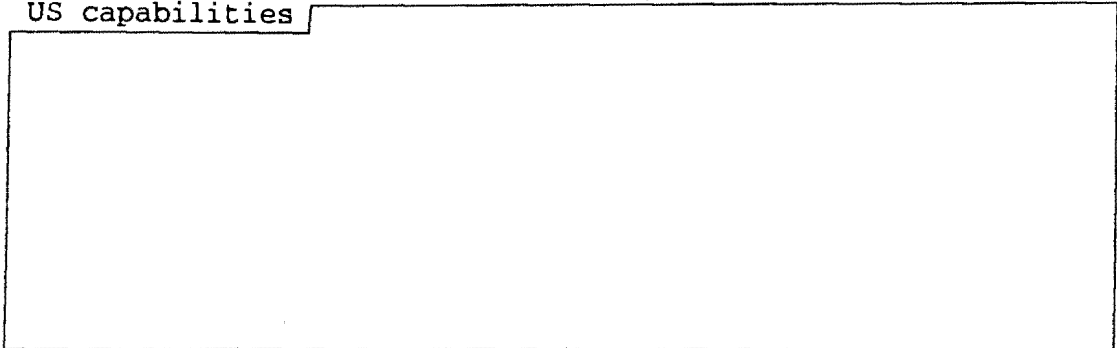
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SUBJECT: Update on Chairman Leach Inquiries

3. Traces that we could complete before the briefing found no record of contact with Systematics of Arkansas, Inc.



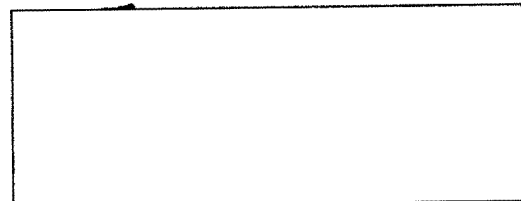
4. Chairman Leach indicated great interest in current US capabilities



5.



[redacted] to discuss Leach's questions on current capabilities. We propose to discuss Chairman Leach's inquiry with HPSCI staff prior to meeting again with Chairman Leach. I have spoken twice with James McCormick, Assistant Staff Director for Chairman Leach, about our continuing efforts to answer the Chairman's questions and told him we will have more information shortly. He expressed appreciation for the briefing and follow up, and indicated the Chairman will soon forward McCormick's MFR of the briefing with a request for concurrence and any additional information.



Attachments

~~SECRET~~

~~SECRET~~

With the Congress

07/25/95

Briefing for Representative Leach (R-IA) on Allegations of [redacted] the Late 1980s

On 21 July, Chairman James Leach, Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Leach based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] and an Arkansas-centered network of banks formed to [redacted] CIA's Office of Inspector General, and [redacted] Office of Congressional Affairs, along with Frank Newton, NSA's Inspector General, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush background on how NSA conducts its normal daily activities [redacted]. [redacted] said that a thorough search had been conducted by CIA, and thus far very little information had been found to be responsive to the exact allegations contained in the letter. [redacted] however, did say that the Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. As for PROMIS, that issue had been looked at in-depth by both SSCI and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. Chairman Leach was informed that we had not found any records related to Systematics of Arkansas, a banking software firm [redacted]

(S)

Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. Leach said he had talked to a lot of people regarding this issue, but he emphasized that he was aware that most of the allegations were false. Leach also said that he has concluded that some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. He has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearing on these allegations in the fall. (U)

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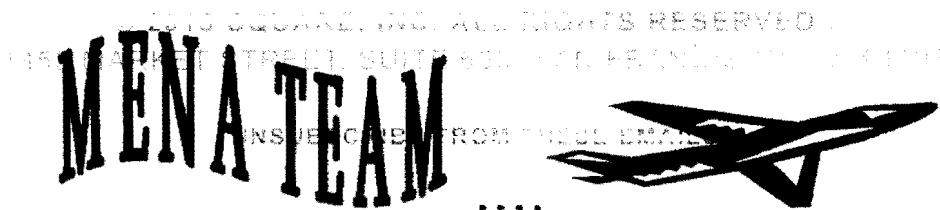
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Follow Up Actions: Provide McCormick with a copy of SSCI letter regarding PROMIS.

OCA/LiaisonGrp

~~SECRET~~

(b)(3)

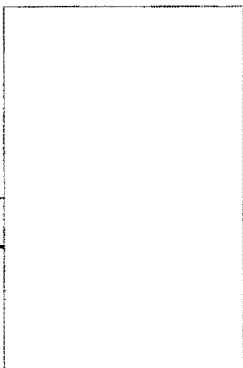
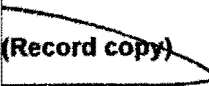


**SUBJECT: VIDEO TAPE REVIEW: NATIONAL EMPOWERMENT NETWORK,
AMERICAN INVESTIGATOR, "MENA, ARKANSAS UNDER
INVESTIGATION," AIRED FEB 8, 1996**

FROM: _____

DATE: FEB 22, 1996 _____ **COMMENTS: (Please DATE Comments)**

TO:

_____		

A-1		

COPY TO TEAM

APPROVED FOR
RELEASE ☐ DATE:
23-Sep-2009

144

February 22, 1996

MEMORANDUM FOR THE RECORD

SUBJECT: Video Tape Review: National Empowerment Network, American Investigator, "Mena, Arkansas Under Investigation," aired February 8, 1996.

1. On February 21, 1996, the undersigned reviewed the above video tape. The main thrust of the video related to suspicious activities at the Mena, Arkansas airport in the 1980s time frame. Allegations included drug activities, arms smuggling and money laundering. Possible connections to CIA and government officials were explored. Particular emphasis was placed on the activities of deceased drug smuggler Barry Seal. Additional focus was placed on the activities of wealthy Arkansas businessman Don Lasater and his possible ties with Seal and high ranking government officials. The role of Rich Mountain Aviation also received significant attention.

2. Interviewees for the program included Congressman Leach, Fred Hampton of Rich Mountain Aviation, and former Arkansas law enforcement officers L.D. Brown and Russell Welch. References were made to a book by Terry Reed, entitled "Compromised," which reportedly relates to the topic at hand. The credibility of this book was questioned somewhat, however, it may be useful in terms of background information and leads. Accordingly, an attempt will be made to obtain this book through the library.

3. Overall, the video provided useful background information on the Mena allegations and featured some of the key participants.



~~SECRET~~

Rec'd Lit File
7/18

APPROVED FOR
RELEASE DATE:
28-Sep-2009

OGC-95-51574
9 June 1995

(b) (1)
(b) (3)

MEMORANDUM FOR: [redacted]
Deputy Director
Office of Congressional Affairs

FROM: [redacted]
Paralegal Specialist
DCI/OGC/LD

SUBJECT: Confirmation of Records Search -
Adler Barriman "Barry" Seal

1. This memorandum is confirming the records search on an Adler Barriman "Barry" Seal. The records search was in response to a question posed by Chairman James Leach and forwarded through HPSCI, whether CIA was ever in contact with this individual. The search request is in order to disprove or verify certain allegations of illegal financial activity related to the so-called "Whitewater" investigation.

2. On 7 June 1995, I tasked [redacted] OP/IMO, OS/OPS, [redacted] and informed DA/IRO. [redacted] also tasked [redacted] All components contacted OGC with a no records response.

3. If you have any questions regarding the above information, please contact me on secure [redacted] or the attorney on the case, [redacted]

[redacted]

188

[redacted]

204

DJ19-1

~~SECRET~~

~~SECRET~~

Rec'd Lit File
7/18

OGC-95-51574
9 June 1995

MEMORANDUM FOR: [redacted]
Deputy Director
Office of Congressional Affairs

FROM: [redacted]
Paralegal Specialist
DCI/OGC/LD

SUBJECT: Confirmation of Records Search -
Adler Barriman "Barry" Seal

1. This memorandum is confirming the records search on an Adler Barriman "Barry" Seal. The records search was in response to a question posed by Chairman James Leach and forwarded through HPSCI, whether CIA was ever in contact with this individual. The search request is in order to disprove or verify certain allegations of illegal financial activity related to the so-called "Whitewater" investigation.

2. On 7 June 1995, I tasked [redacted] OP/IMO, OS/OPS, [redacted] and informed DA/IRG. [redacted] also tasked [redacted] All components contacted OGC with a no records response.

3. If you have any questions regarding the above information, please contact me on secure [redacted] or the attorney on the case, [redacted]

[redacted]

[redacted]

~~SECRET~~

D119-2

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

rec'd
7/18

From the Desk of

NOTE FOR:

FROM:

DATE:

SUBJECT:

06/07/95 03:35:30 PM

Adler Barriman "Barry" Seal

We tasked OP, OS, and the DO to search for records indicated a contractual or other relationship between CIA and Seal. All have responded with a no records. The DO response came from We'll send you a short memo confirming this note and identifying the components that searched.

CC:

~~ADMINISTRATIVE - INTERNAL USE ONLY~~

D119-3

~~SECRET~~

Reg

OGC-95-51546
7 June 1995

MEMORANDUM FOR: [redacted]

DA/IRO
OS/OPS/[redacted]
OP/IMO

FROM: [redacted]

Paralegal Specialist
Office of General Counsel

SUBJECT: Records Search on -
Adler Barriman "Barry" Seal

1. Background. The Office of Congressional Affairs (OCA) has received information from Chairman James Leach regarding a search request on the late Adler Barriman "Barry" Seal. The search request is in order to disprove or verify certain allegations of illegal financial activity related to the so-called "Whitewater" investigation. (See attachment)

2. Please conduct an immediate records search from your office concerning whether the CIA has any information on Adler Barriman "Barry" Seal. Please determine whether CIA or other government agencies performed any covert activity in or near Mena, Arkansas, including whether the CIA or any other government agency had any contractual or other relationship for work performed in or near the same Arkansas location.

3. Your expeditious handling of this matter would be greatly appreciated. Please contact me on [redacted] as soon as your office has any information regarding the above request or if you have any questions regarding this matter. Please follow-up by sending your response to this name trace request to me at OGC/LD, [redacted]. The attorney handling this case is [redacted] and he can be contacted on [redacted].

[redacted]

Attachment as Stated

~~SECRET~~

D119-4

~~SECRET~~

SUBJECT: Records Search on Adler Barriman "Barry" Seal

OGC-95-51546

OGC/LD/[]/7 June.95

Distribution:

Original - Addressee

- 1 - Lit File
- 1 - OGC Reg.
- 1 - [] Soft
- 1 - [] Soft
- 1 - [] FYI

~~SECRET~~

D119-5



CENTRAL INTELLIGENCE AGENCY

General Counsel

95-03081

May 30, 1995

[redacted] OAC/Ltr

Further evidence that some issues never die. Would you be able to look (or have someone look) at the Iran-Contra records so that we can respond whether a visit by McCormick is warranted.

I recall that this same allegation came up during the last presidential campaign.

Please give me a call if you have questions.

[redacted]

D119-6

BILL McCOLLUM, FLORIDA
 MARGE ROUKEMA, NEW JERSEY
 DOUG BENJETER, NEBRASKA
 TOBY ROTH, WISCONSIN
 RICHARD K. BAKER, LOUISIANA
 RICK LAZIO, NEW YORK
 SPENCER BACHUS, AL, ALABAMA
 MICHAEL CASTLE, DELAWARE
 PETER KING, NEW YORK
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 FREDERICK HENNINGMAN, NORTH CAROLINA
 STEVE STOCKMAN, TEXAS
 FRANK LOMBARDI, NEW JERSEY
 J.C. WATTS, OKLAHOMA
 SUE W. KELLY, NEW YORK

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON BANKING AND FINANCIAL SERVICES

ONE HUNDRED FOURTH CONGRESS

2129 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6050

JOHN J. LAFALCE, NEW YORK
 BRUCE F. VENTO, MINNESOTA
 CHARLES E. SCHWAB, NEW YORK
 BARREY FRANK, MASSACHUSETTS
 PAUL E. KASLOWSKI, PENNSYLVANIA
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 MADONE WATERS, CALIFORNIA
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 MELVIN WATT, NORTH CAROLINA
 MAURICE HINCHY, NEW YORK
 GARY ACKERMAN, NEW YORK
 KEN BENTSEN, TEXAS

BERNARD SANDERS, VERMONT

(202) 225-7602

May 9, 1995

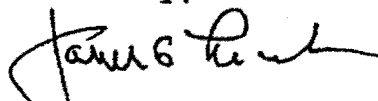
The Honorable Larry Combest
 Chairman
 Permanent Select Committee on Intelligence
 H405 Capitol
 Washington D.C. 20515

Dear Chairman Combest:

I am writing to request that a staff member of the House Banking Committee, James W. McCormick, be allowed to review certain classified files of the Iran-Contra hearings, the unclassified version of which was published November 1987. In order to help disprove or verify certain allegations of illegal financial activity related to the so-called "Whitewater" investigation, I have requested Mr. McCormick to determine whether the CIA or other government agencies performed any covert activity in or near Mena, Arkansas, including whether the CIA or any other government agency had any contractual or other relationship with the late Adler Barriman "Barry" Seal, for work performed in or near the same Arkansas location.

I recognize that these files may be partially or wholly archived, and appreciate the cooperation of your staff in facilitating this request.

Sincerely,



James A. Leach
 Chairman

JL:jwm

D119-7

~~UNCLASSIFIED~~

ASSIGNMENT RECORD

STATUS: IP
FILE: X
TEST:

Printed: 07/20/95

FILE-NUMB: L9500207
RESP-DIV: LD
CLOSED: / /

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

SUPERVISOR:

CASE SUMMARY:

HPSCI STAFFER STEVE NELSON REQUESTED OCA TO CONDUCT A NAME TRACE ON WHETHER CIA HAD A CONTRACTUAL OR OTHER RELATIONSHIP WITH THE LATE ADLER BARRIMAN "BARRY" SEAL. HPSCI IS ASSISTING THE HOUSE BANKING COMMITTEE INVESTIGATE ALLEGATIONS OF ILLEGAL FINANCIAL ACTIVITIES RELATED TO THE "WHITEWATER" INVESTIGATION.

ASSIGNED

BEGIN

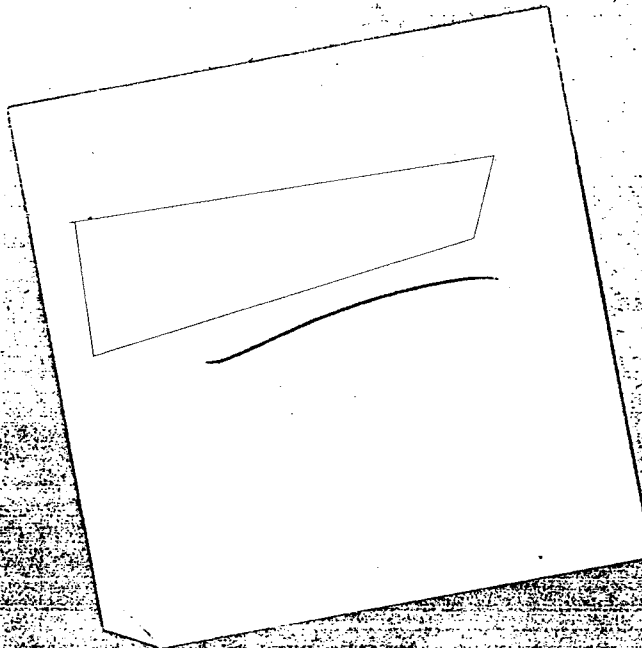
END

06/06/95
06/06/95

/ /
/ /

----- (CASE NOTES) -----

(NONE)



~~UNCLASSIFIED~~

13117-8

~~UNCLASSIFIED~~

Received: 07/20/95
08:50:09

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03081

CONTROL NO:

DOCUMENT DATE: 05/30/95

DATE RECEIVED: 05/31/95

AUTHOR:

AUTHORS ORG: OCA

ADDRESSEE:

ADDRESSEE'S ORG: OGC

FIRST ROUTED TO: LD,

COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

NOTE REQUESTING REVIEW OF ATTACHED LETTER FROM JAMES A. LEACH, CHAIRMAN OF THE HOUSE BANKING COMMITTEE, TO HPSCI REQUESTING THAT JAMES W. MCCORMICK BE ALLOWED TO REVIEW CERTAIN CLASSIFIED FILES OF THE IRAN-CONTRA HEARINGS, THE UNCLASSIFIED VERSION OF WHICH WAS PUBLISHED NOVEMBER 1987

~~UNCLASSIFIED~~

D119-9

~~UNCLASSIFIED~~

Received: 07/20/95
08:50:25

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03314

CONTROL NO:

DOCUMENT DATE: 06/12/95

DATE RECEIVED: 06/13/95

AUTHOR:

AUTHORS ORG: C OPS

ADDRESSEE:

ADDRESSEE'S ORG: OGC

FIRST ROUTED TO: LD

COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

MEMORANDUM RE ADLER BARRIMAN "BARRY" SEAL IN RESPONSE TO
OGC-95-51546 DATED 7 JUNE 1995 REQUEST FOR A DATABASE SEARCH
IN THE NAMES OF ADLER BARRIMAN SEAL AND BARRY SEAL

~~UNCLASSIFIED~~

5119-10

~~SECRET~~

Received: 07/20/95
08:50:41

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03614
CONTROL NO:
DOCUMENT DATE: 06/12/95
DATE RECEIVED: 06/29/95
AUTHOR:
AUTHORS ORG: C OFL
ADDRESSEE:
ADDRESSEE'S ORG: OGC
FIRST ROUTED TO: LD
COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

RESPONSE TO OGC REQUEST OGC-95-51546 RE RECORDS SEARCH
REQUEST ON ADLER BARRIMAN "BARRY" SEAL

~~SECRET~~

DIA-11

~~SECRET~~

APPROVED FOR
RELEASE DATE:
23-Sep-2009

8 September 1995

(b)(3)
(b)(7)

MEMORANDUM FOR: DI Information Review Officer

FROM:

DCI Crime and Narcotics Center

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

REFERENCE: DI/IRO memo, dated 31 August 1995,
w/attached EXDIR memo, dated
31 August 1995

1. Referenced memo requested that CNC search for records responsive to referenced Tab A and that CNC review and comment on referenced Tab B. On 6 September 1995 CNC sent you a memo stating we had located no responsive records to the subjects identified in Tab A.

2. This memorandum addresses the request for comments to Tab B, the 21 July 1995 draft memorandum of record prepared by Chairman Leach's staff concerning questions and agency responses on Mena/Systematics. CNC has reviewed Tab B and offers the following comments.

3. While CNC has no documents or records pertaining to "Barry Seal",

~~SECRET~~


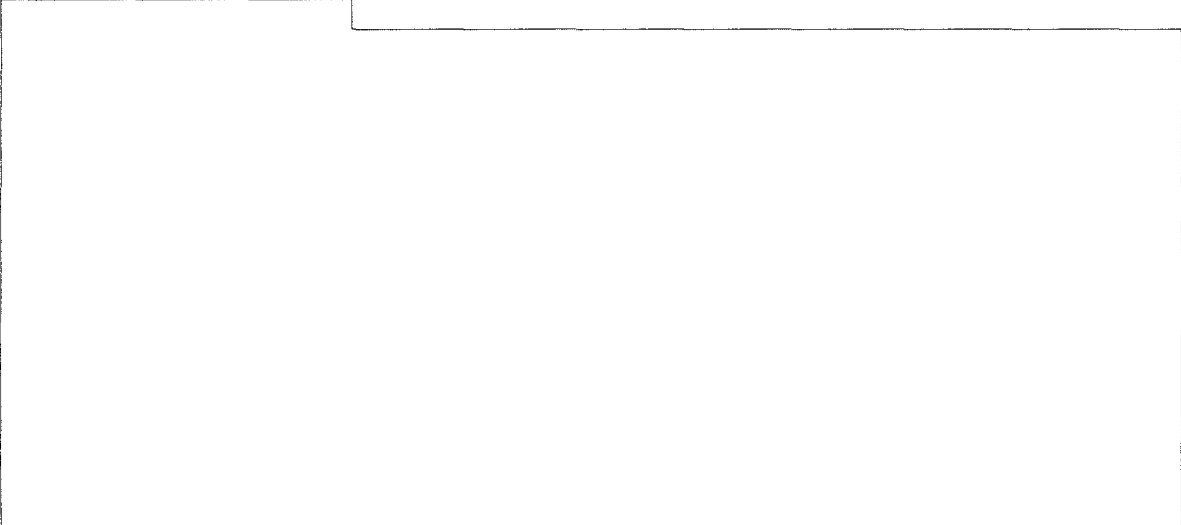
D677-1

118

~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

4. 


5. During 1984, there was high policymaker interest
in assessing the role of the Cuban and Nicaraguan government
in the drug trade. 


~~SECRET~~

DG77-2

~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

6. In 1988, the Foreign Relations Committee was examining drug trafficking in Central America, especially the role of Panama, and requested all finished intelligence related to these issues. Attached is a list of the documents provided to the SSCI for Senators Pell and Kerry and cleared staff on 29 March 1988. The two papers discussed above were included among the documents provided to the SSCI on that date.

7. CNC has no documents or written records pertaining to the installation of cameras on Seal's C-123 aircraft. However, to the best of our understanding, CIA's OTS may have installed cameras on the aircraft used in the 1984 operation. Therefore, we suggest that you recommend to the DO that it check with OTS or other components regarding the following inquiry in the draft memorandum:

- "Did the CIA have any involvement in, or knowledge of, the installation of cameras on Seal's C-123K transport plane for use in a 1984 "sting" operation against the Sandinista official Frederico Vaughan?"

8. While CNC does not have any documents or written records that pertain to "Barry Seal",

~~SECRET~~

D677-3

~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

9. If you have any questions please call me at

Attachments: a/s

~~SECRET~~

D677-4

~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

CNC/ODIR (8 Sept 95)

Distribution:

Original - Addressee

1 -		OCA
1 -		OGC
1 -	ORMS	
1 -	D/CNC	
1 -	DD/CNC	
1 -	SA/CNC	
1 -	CNC/LGL	
1 -	File	

~~SECRET~~

D677-5

~~UNCLASSIFIED~~

STATUS: IP
FILE: X
REST:

ASSIGNMENT RECORD

Printed: 07/20/95

FILE-NUMB: L9500207
RESP-DIV: LD
CLOSED: / /

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

(b)(3)

SUPERVISOR:

CASE SUMMARY:

HPSCI STAFFER STEVE NELSON REQUESTED OCA TO CONDUCT A NAME TRACE ON WHETHER CIA HAD A CONTRACTUAL OR OTHER RELATIONSHIP WITH THE LATE ADLER BARRIMAN "BARRY" SEAL. HPSCI IS ASSISTING THE HOUSE BANKING COMMITTEE INVESTIGATE ALLEGATIONS OF ILLEGAL FINANCIAL ACTIVITIES RELATED TO THE "WHITEWATER" INVESTIGATION.

ASSIGNED

BEGIN

END

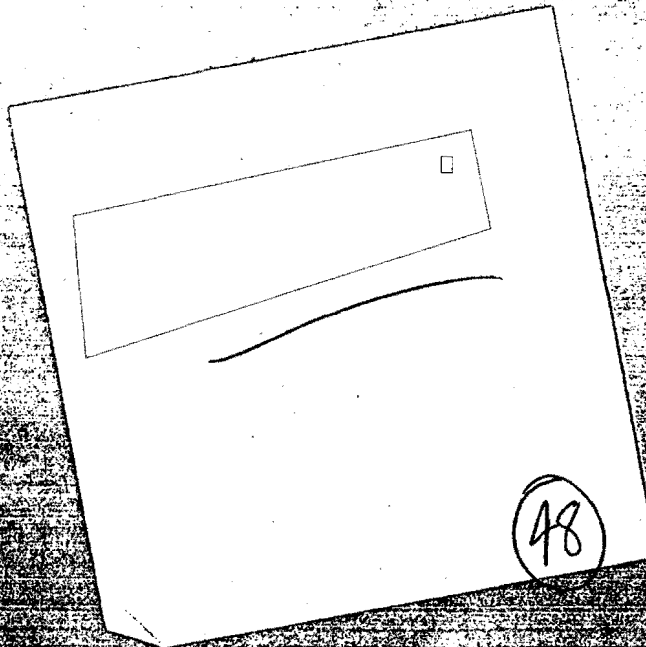
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06/06/95

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——(CASE NOTES)——

(NONE)

APPROVED FOR
RELEASE ☐ DATE:
28-Sep-2009



~~UNCLASSIFIED~~

~~UNCLASSIFIED~~

Received: 07/20/95

08:50:09

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03081

CONTROL NO:

DOCUMENT DATE: 05/30/95

DATE RECEIVED: 05/31/95

AUTHOR:

AUTHORS ORG: OCA

ADDRESSEE:

ADDRESSEE'S ORG: OGC

FIRST ROUTED TO:

LD

COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

NOTE REQUESTING REVIEW OF ATTACHED LETTER FROM JAMES A. LEACH, CHAIRMAN OF THE HOUSE BANKING COMMITTEE, TO HPSCI REQUESTING THAT JAMES W. MCCORMICK BE ALLOWED TO REVIEW CERTAIN CLASSIFIED FILES OF THE IRAN-CONTRA HEARINGS, THE UNCLASSIFIED VERSION OF WHICH WAS PUBLISHED NOVEMBER 1987

~~UNCLASSIFIED~~

~~UNCLASSIFIED~~

Received: 07/20/95
08:50:25

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03314

CONTROL NO:

DOCUMENT DATE: 06/12/95

DATE RECEIVED: 06/13/95

AUTHOR:

AUTHORS ORG: C/ OPS

ADDRESSEE:

ADDRESSEE'S ORG: OGC

FIRST ROUTED TO: LD/

COPIES TO: *(NONE)*

DOCUMENT DESCRIPTION

MEMORANDUM RE ADLER BARRIMAN "BARRY" SEAL IN RESPONSE TO
OGC-95-51546 DATED 7 JUNE 1995 REQUEST FOR A DATABASE SEARCH
IN THE NAMES OF ADLER BARRIMAN SEAL AND BARRY SEAL

~~UNCLASSIFIED~~

~~SECRET~~

Received: 07/20/95
08:50:41

FILE NUMBER: L9500207

CASE NAME: SEAL, ADLER BARRIMAN "BARRY" HPSCI REQUEST FOR NA

OGC - DOCUMENT RECORD

OGC-NUMBER: OGC-95-03614

CONTROL NO:

DOCUMENT DATE: 06/12/95

DATE RECEIVED: 06/29/95

AUTHOR:

AUTHORS ORG:

C OFL

ADDRESSEE:

ADDRESSEE'S ORG:

OGC

FIRST ROUTED TO:

LD/

COPIES TO:

(NONE)

DOCUMENT DESCRIPTION

RESPONSE TO OGC REQUEST OGC-95-51546 RE RECORDS SEARCH
REQUEST ON ADLER BARRIMAN "BARRY" SEAL

~~SECRET~~

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Response and House Banking and Financial Services Committee Investigation
Addendum

FROM:

Kathryn I. Dyer
DI/IRO

EXTENSION

NO.

DATE

8 September 1995

TO: (O
building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALSCOMMENTS (Number each comment to show from whom
to whom. Draw a line across column after each comment.)

1.

2.

OCA

3.

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15.

APPROVED FOR
RELEASE DATE:
28-Sep-2009

46

~~SECRET~~

FOIA-0908
8 September 1995

MEMORANDUM FOR: [REDACTED]
Office of Congressional Affairs

[REDACTED]
Office of General Counsel

VIA: [REDACTED]

FROM: Kathryn I. Dyer
DI Information Review Officer

SUBJECT: House Banking and Financial Services
Committee Investigation - Addendum

REFERENCE: A. DI/IRO Memorandum, 7 September 1995
B. OCA 95-2244, 31 August 1995

1. Reference A advised that the DI would forward comments re Tab B (reference B) under separate cover. Attached is a memorandum and accompanying background information which was forwarded by the DCI Crime and Narcotics Center in response to Tab B.

2. Although the CNC memorandum addresses the request for comments to Tab B, it may have implications for the Agency's response to the request for record searches in Tab A.

[REDACTED]

[REDACTED]

[REDACTED]

~~SECRET~~

~~SECRET~~

SUBJECT: House Banking and Financial Services Committee
Investigation - Addendum

4. Your attention is also drawn to CNC's comments and clarification regarding an earlier response provided to ORM's July search request.

5. If you have any questions, please call me on

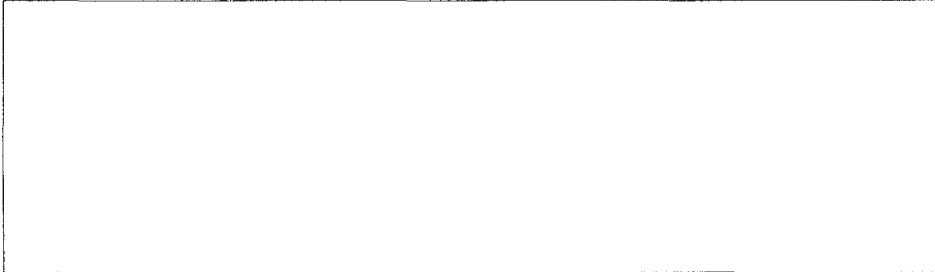
Kathryn I. Dyer

Attachments

~~SECRET~~

~~SECRET~~

SUBJECT: House Banking and Financial Services Committee
Investigation - Addendum



~~SECRET~~

~~SECRET~~

8 September 1995

MEMORANDUM FOR: DI Information Review Officer

FROM:

DCI Crime and Narcotics Center

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

REFERENCE: DI/IRO memo, dated 31 August 1995,
w/attached EXDIR memo, dated
31 August 1995

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~~SECRET~~

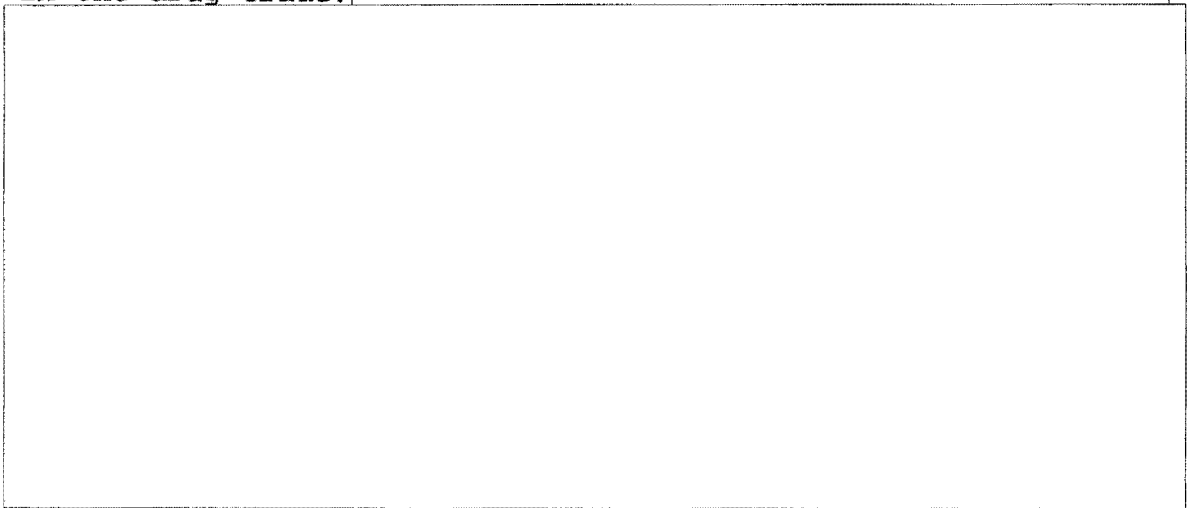
~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

4



5. During 1984, there was high policymaker interest
in assessing the role of the Cuban and Nicaraguan government
in the drug trade.



~~SECRET~~

~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

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8. While CNC does not have any documents or written records that pertain to "Barry Seal", [REDACTED]

[REDACTED]

[REDACTED]

~~SECRET~~

~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

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Attachments: a/s

~~SECRET~~

~~SECRET~~

SUBJECT: Records Searches: Mena, Arkansas and
Related Topics

CNC/ODIR, (8 Sept 95)

Distribution:

Original - Addressee

1 -		OCA
1 -		OGC
1 -	ORMS	
1 -	D/CNC	
1 -	DD/CNC	
1 -	SA/CNC	
1 -	CNC/LGL	
1 -	File	

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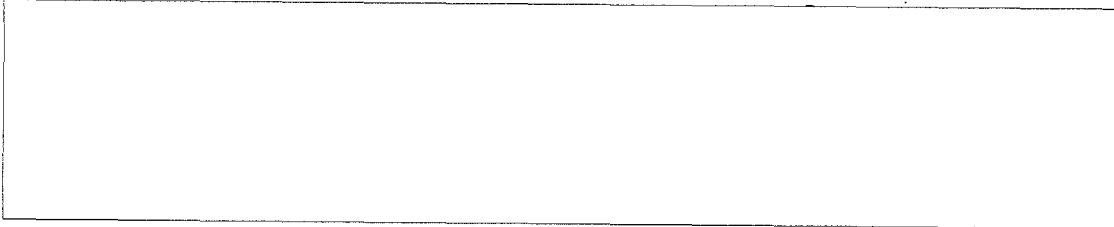
Outline
7/20

Briefing for Chairman Leach, House Banking Committee

(b) (2)
(b) (3)
(b) (6)

What we found from our searches

3) PROMIS - We have searched our files extensively in response to previous congressional inquiries on ISLAW's PROMIS (Prosecutor's Management Information System). As noted in the DDCI's response to Chairman Brooks on 18 Nov 91, and a similar letter from D/OCA to the SSCI on 2 Aug 93, we have found no records about INSLAW's PROMIS software, or the allegations that it had been misappropriated, distributed or used in the manner alleged in these articles.



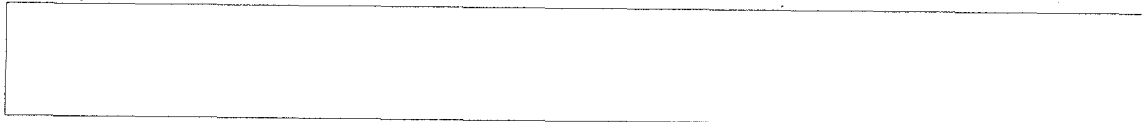
As noted in the letter to the SSCI, the Department of Justice appointed a special counsel to investigate the INSLAW matter and a report was submitted to the House Judiciary Committee on 17 June 1993 that may be of assistance to your review.

4) We have no found no record of any CIA contact or contracts with Systematics, Inc. of Arkansas, nor any information about the allegations that Systematics, Inc. monitored or engaged in illegal activities.



5) We have found no record of a Charles Hayes who was a CIA operative in Latin America or Central America.

6) We have found no records of CIA activities at the Mena airfield during the 1980's. CIA's Iran-Contra files were searched and found no reference to Mena or its use by the "private benefactors", a term used to refer to the unauthorized Contra support operation run by Oliver North.



7) Adler Berriman "Barry" Seal has been the subject of several CIA records searches over the past decade, most recently in June 1995 at the request of HPSCI. No records of any contact with Seal or information about his alleged activities has ever been discovered during these searches.

166

D85-1

196

Our searches did determine that a person named Lawrence D. Brown, DOB 2 Oct 1958, applied for CIA employment in 1988. Following routine processing his application was rejected in November 1988. Without further biographic information, we cannot determine if this is the same L.D. Brown mentioned in the articles.



[redacted] from the Office of Inspector General will address the other issues mentioned in your letter.

ROUTING AND RECORD SHEET

SUBJECT: (Optional) Wall Street Journal Allegations of Possible CIA Operations in Arkansas (b)(3) (b)(7)

FROM:

DATE
30 June 1994

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DO Registry

2. Special Assistant
Deputy Director for
Operations

3. Associate Deputy Director
for Operations

4. Deputy Director for
Operations

5. Executive Registry

6. Executive Assistant
Director of Central
Intelligence

7.

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15.

APPROVED FOR
RELEASE DATE:
23-Sep-2009

cc: EX/DIR

114

5

2

DCI
REC

D 685-57

~~SECRET~~

13.0 JUN 1994

MEMORANDUM FOR: Executive Assistant
Director of Central Intelligence

VIA: Deputy Director for Operations

FROM:

SUBJECT: Wall Street Journal Allegations of Possible CIA
Operations in Arkansas

1. Background: The Wall Street Journal of 29 June 1994 contains an article entitled "Mysterious Mena" by Micah Morrison which claims possible CIA activities/operations in the mid-80s at Arkansas' Mena Intermountain Regional Airport. The article states in the early to mid-80s Rich Mountain Aviation at Mena was used as a base of operations by a cocaine smuggler, Adler Seal, who traveled to Nicaragua in 1984 with a CIA equipped aircraft to photograph Sandanista involvement in drug running. The article also suggests mid-80s training of Contras at a site near Mena Airport on land owned by the head of Rich Mountain Aviation. The author of the article suggests that Seal was flying drugs into the U.S. and Contras and weapons out. A new book, according to the article, claims Gov. Clinton, and his inner circle, along with Oliver North and CIA were involved in a conspiracy which included training Contras, sending weapons to Central America, smuggling cocaine into the U.S. and laundering funds through Arkansas banks.

2. While it is not possible for us in the short period of time to research the files related to the period of this article, we can say with certainty that the DO has never had a proprietary at Mena nor is there any record of dealings with Rich Mountain Aviation. [redacted] when a Mena Airport facility was used [redacted]

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

CL BY [redacted]
DECL OADR
DRV [redacted]

~~SECRET~~

D685-58

SECRET

SUBJECT: Wall Street Journal Allegations of Possible CIA
Operations in Arkansas

3. [REDACTED]

4. Our records also show [REDACTED] support in terms of
[REDACTED]
to a [REDACTED] training operation at Mena Airfield. The exercise
ran from [REDACTED]

5. We have canvassed officers [REDACTED]
[REDACTED] and there is no indication Contra
training of any kind was undertaken by CIA at Mena or anywhere in
Arkansas. Because we are dealing with a period ten years ago, a
review of the [REDACTED] files would be necessary for
possible documentary confirmation the Mena area was never used by
the Agency for training.

6. It is believed Mr. Seal had an aircraft equipped by CIA
to photograph Nicaraguan drug lords. Seal was at the time a DEA
asset and the camera was installed at the request of DEA.
Research will be required if additional information on this
operation is required.

7. The book mentioned in the article "Compromised:
Clinton, Bush and The CIA" claims a conspiracy which exists only
in the minds of the authors.



D 685-59

~~SECRET~~

SUBJECT: Wall Street Journal Allegations of Possible CIA
Operations in Arkansas

[REDACTED] (30 June 94)

Distribution:

Orig & 1 - Addressee
1 - Executive Registry
1 - EX/DIR
1 - DO Registry
1 - SA/DDO
1 - ADDO
1 - DDO
1 - [REDACTED]
1 - DD/CNC
1 - [REDACTED]

D685-60

Mysterious Mena

By MICAH MORRISON

MENA, Ark.—Reporters now trolling Arkansas are pulling up many stories that may have only fleeting relation to Whitewater or the Clintons, but are worth telling simply for their baroque charm. And none is more baroque than the tale of the Mena Intermountain Regional Airport, a site connected with aircraft renovation, apparent CIA operations and a self-confessed drug runner.

There is even one public plea that Special Counsel Robert Fiske should investigate possible links between Mena and the savings-and-loan association involved in Whitewater. The plea was sounded by the Arkansas Committee, a left-leaning group of former University of Arkansas students who have carefully tracked the Mena affair for years.

While a Whitewater connection is purely speculative, Mena certainly does seem a fruitful opportunity for thorough investigation, by Mr. Fiske or any other competent authority. It's clear that at Mena Airport unusual things took place.

Outlaw's Paradise

What the Arkansas Committee calls the "complex of events" surrounding Mena is the stuff of spy novels and thrillers, potentially including smuggling, CIA and Drug Enforcement Agency covert operations, money laundering and murder. There is no reliable evidence linking any of these events to Bill Clinton, except that he was governor of Arkansas when state and federal investigations of Mena were frustrated.

Mena is a good setting for a mystery. The pine and hardwood forests of the Ouachita Mountains surrounding it have long been an outlaw's paradise, home to generations of moonshiners and red-dirt marijuana farmers. In 1981, cocaine smuggler Adler Berriman ("Barry") Seal arrived on the

scene, establishing a base of operations at Mena Airport. Mr. Seal's record is well-known to law-enforcement officials; he often claimed to have made more than \$50 million from his illegal activities.

Working out of a hangar at Rich Mountain Aviation, one of the local businesses that was turning Mena into a center for aircraft refurbishment, Mr. Seal imported as much as 1,000 pounds of cocaine a month from Colombia in the early 1980s, according to Arkansas State Police Investigator Russell Welch, who pursued the Seal case for over a decade. In 1984, Mr. Seal "rolled over" for the DEA, becoming

twin-engine airplane traffic, things like that," says former Internal Revenue Service Investigator William Duncan, who began investigating Mena in 1983. Residents of the countryside around Nella confirm reports of planes dropping loads in the mid-1980s. "But people don't talk much about that around here," said one local resident. "If you do, you might wake up one morning to find a bunch of your cattle dead."

Mr. Duncan and Mr. Welch, the Arkansas State Police investigator, pressed forward with their probes of Mr. Seal and Rich Mountain Aviation. They

While a Whitewater connection is purely speculative, it's clear that at Mena Airport unusual things took place. Mena's "complex of events" is the stuff of spy novels.

one of its most important informants. He flew to Colombia and gathered information about leaders of the Medellin cartel, including drug kingpin Carlos Lehder, and testified in other high-profile cases.

He also flew at least two drug runs to Nicaragua, one of them entangling him in the Reagan administration's anti-Sandinista effort. On a mission in mid-1984, Mr. Seal later testified, the CIA rigged a hidden camera in his C-123K cargo plane, enabling him to snap photos of several men loading cocaine aboard the aircraft—one of them allegedly an aide to Sandinista Interior Minister Tomas Borge.

Back at Mena, meanwhile, Mr. Seal's business associate, Fred Hampton, the owner of Rich Mountain Aviation, purchased a land tract near the tiny backwoods community of Nella, 10 miles north of Mena, and cut a runway into it. Local law enforcement officials believe the land was purchased at the behest of Mr. Seal.

By 1984, reports were filtering in about odd military-type activity around Nella. "We had numerous reports of automatic weapons fire, men of Latin American appearance in the area, people in camouflage moving quietly through streams with automatic weapons, aircraft drops,

suspected that Mr. Seal, despite his deal with the DEA, was continuing to import drugs and launder the money through local businesses and banks, possibly using the Nella airstrip as a base for drug drops.

In 1986, Mr. Seal's wild ride came to an end. Three Colombian hitmen armed with machine guns caught up with him as he sat behind the wheel of his white Cadillac in Baton Rouge, La., and blasted him to his eternal reward. Eight months after the murder, Mr. Seal's cargo plane was shot down over Nicaragua. Aboard was a load of ammunition and supplies for the Contras. One crew member, Eugene Hasenfus, survived. With the crash, and the Iran-Contra affair surfacing, investigators started looking at the Nella airstrip in a new light. Maybe Barry Seal was not just flying drugs into the U.S. Maybe he also was flying newly trained Contras and weapons out.

But if Mr. Seal's odyssey was over, the long and frustrating journey for Mena investigators was just beginning. Messrs. Duncan and Welch believed they had pieced together information on a significant drug smuggling operation, perhaps cloaked in the guise of a covert CIA operation, or perhaps in some way connected to

the intelligence community. Yet repeated attempts to bring the Mena affair before grand juries in Arkansas, Gov. Bill Clinton, and federal authorities all failed, meeting a wall of obfuscation and obstruction.

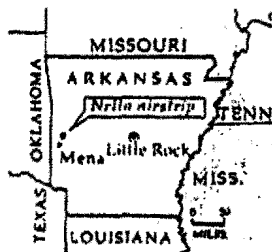
The "CBS Evening News," one of the few national news organizations to take a serious and discriminating look at Mena, recently broadcast an interview with Charles Black, a prosecutor for Polk County, in which Mena is located. He said he met with Gov. Clinton in 1988 and requested assistance for a state probe. "His response," Mr. Black said, "was that he would get a man on it and get back to me. I never heard back."

Asked for comment, White House spokesman John Podesta cites a state government offer of \$25,000 to aid a Polk County investigation, an offer long under dispute in Arkansas. "The governor took whatever action was available to him," Mr. Podesta says. "The failing in this case rests with the Republican Justice Department."

Following pressure from then-Arkansas Rep. Bill Alexander, the General Accounting Office opened a probe in April 1988; within four months, the inquiry was shut down by the National Security Council. Several congressional subcommittee inquiries sputtered into dead ends.

In 1991, Arkansas Attorney General Winston Bryant presented Iran-Contra prosecutor Lawrence Walsh with what Mr. Bryant called "credible evidence of gunrunning, illegal drug smuggling, money laundering and the governmental coverup and possibly a criminal conspiracy in connection with the Mena Airport." Seventeen months later, Mr. Walsh sent Mr. Bryant a letter saying without explanation that he had closed his investigation.

Mr. Duncan resigned from the IRS after repeatedly clashing with his superiors over the Mena affair. Mr. Welch was given a number of strong hints that he should devote his energies elsewhere. "I believe there was a coverup of events at Mena," Mr. Duncan says. "We don't really know what happened out there. Every time I tried to follow the money trail into central Arkansas, it disappeared."



10-585-1

But what, if anything, does Mena have to do with Whitewater? A small conspiracy-theory industry has grown up around the mysteries of Mena. In a new book, "Compromised: Clinton, Bush and the CIA," authors Terry Reed and John Cummings claim that Gov. Clinton and his inner circle, along with Lt. Col. Oliver North and the CIA, were involved in a conspiracy that included training Contras at Nella, sending weapons to Central America, smuggling cocaine into the U.S. and laundering funds through Arkansas banks. Little hard evidence is presented to back up these startling claims, yet the book should not be dismissed out of hand. Certainly, something was going on at Mena and Nella. And the authors raise the interesting question: What happened to all of Barry Seal's cocaine money?

Intriguing Coincidence

In an intriguing coincidence, while running Barry Seal as an agent, the DEA also was conducting an investigation into the drug-related activities of Little Rock bond dealer and Clinton supporter Dan Lasater. In October 1986, as Mr. Lasater was being charged in Little Rock with conspiracy to distribute cocaine, the DEA confirmed that he was the target of a drug-trafficking probe involving his private plane and a small airfield at the New Mexico ski resort Angel Fire, which Mr. Lasater purchased in 1984.

Mr. Lasater's bond shop also executed a mysterious series of trades on behalf of Kentucky resident Dennis Patrick, who says he had no knowledge of the millions in trades reflected in his account in 1985 and 1986. It's unclear what these trades represent, since Mr. Patrick's confirmation slips show only paper transactions, with little money in or out. Yet it's interesting to note that the hectic activity in the account came to an abrupt halt in February 1986—the month Barry Seal was killed.

Of course, it all may be just a coincidence, and perhaps Gov. Clinton did not even know that drug smugglers, the CIA and the DEA were operating in his backyard. Perhaps he did not want to know. After all, as we have come to learn, Bill Clinton's Arkansas was a very strange place.

Mr. Morrison is a Wall Street Journal editorial page writer.

D6 85-62

INSPECTOR GENERAL

96-0384

APPROVED FOR
RELEASE DATE:
23-Sep-2009

OCA 96-1151

13 March 1996

MEMORANDUM FOR: Inspector General

FROM: Director of Central Intelligence

SUBJECT: Allegations of Money Laundering and
Other Activities in Mena, Arkansas

1. Chairman Leach of the House Banking Committee wrote and requested that the Inspector General investigate various allegations of money laundering in connection with activities in and around Mena, Arkansas. I have told the Chairman your office would investigate the issues raised in his letter. I request that you issue a report, including an unclassified version, if possible, which will address the following core issues:

- What, if any, information does CIA have that indicates it had any contact with the individuals or businesses identified in the Chairman's letter of 8 February, or of money laundering, narcotics trafficking, arms smuggling, or other illegal activities (including illicit aircraft modifications) based at, or operating through, the airport at Mena, Arkansas, from 1980 to the present;
- What was the extent of CIA's contact or relationship with Adler Berriman "Barry" Seal;
- Whether CIA tried to directly or indirectly influence or request that the Department of Justice or other Federal agencies alter any investigations or prosecutions of money-laundering in or around Mena, Arkansas;
- Whether CIA, or anyone acting on CIA's behalf, has carried out any activities in Mena, Arkansas, or the area north of Mena, known as Nella, Arkansas, and if so, did CIA brief, or otherwise communicate this information to Arkansas state officials in the 1980s.

2. The Chairman has also requested that all related documents be made available to appropriate Committee staff. I will wait until your inquiry is completed before acting on this request since traditionally classified documents

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171

SUBJECT: Allegations of Money Laundering and
Other Activities in Mena, Arkansas

involving operational matters are provided only to our oversight committees, and I have shared this view with Chairman Leach.

4. Once you have an opportunity to review the Banking Committee request, please provide me with an estimate of when you will be able to produce a report, and I will provide that estimate to Chairman Leach.


John Deutch

~~TOP SECRET~~

APPROVED FOR
RELEASE DATE:
23-Sep-2009

(U)
(U)
(U)

OGC-96-50787
29 March 1996

MEMORANDUM FOR: Office of Inspector General

ATTENTION:

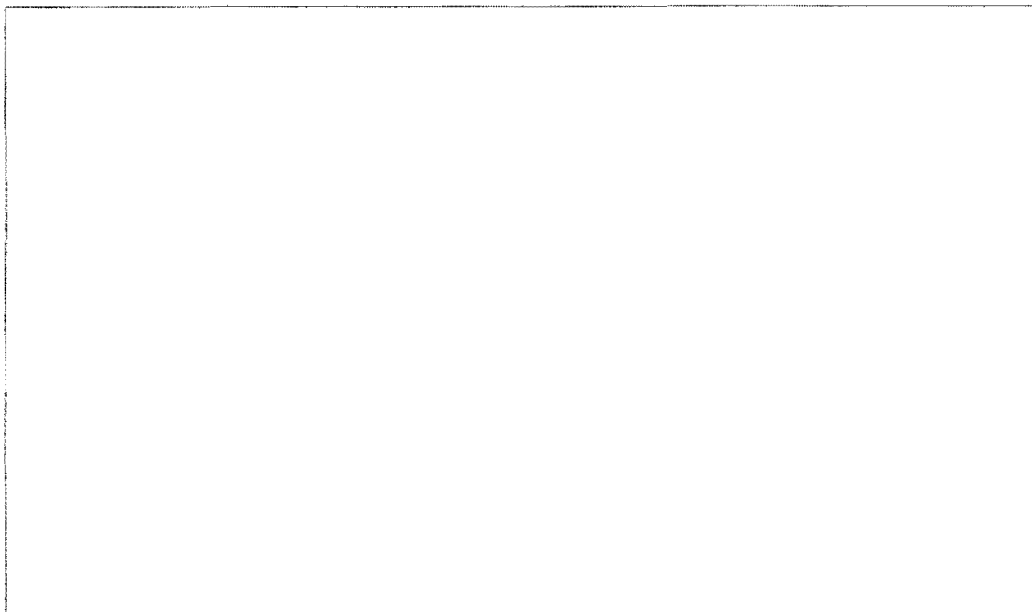
FROM:

Paralegal Specialist
Litigation Division, OGC

SUBJECT: Transmittal of Documents (U)

REFERENCE: Memorandum From IG dtd 26 Feb 1996,
Subj: Request for Documents Relating to
Possible Agency Knowledge of Certain
Activities in or Around Mena, Arkansas (U)

1. This responds to the IG's request for documents in connection with the IG's inquiry of possible Agency knowledge of certain activities in or around Mena, Arkansas. Transmitted herewith are copies of the following listed records.



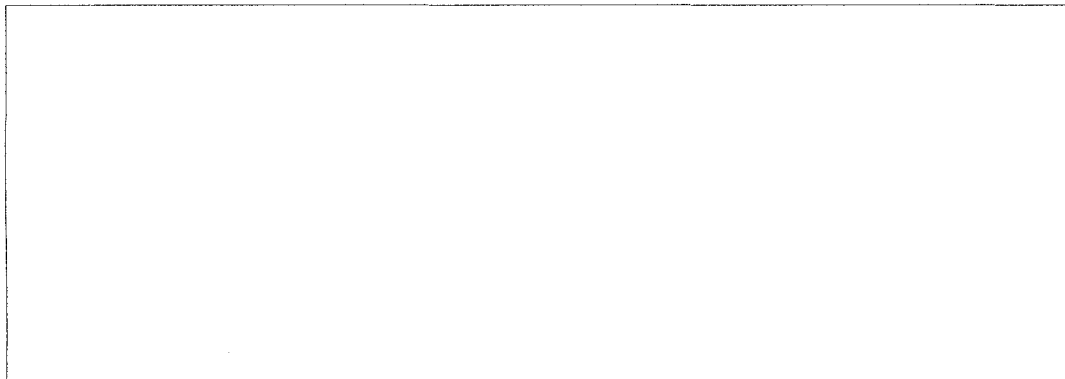
~~TOP SECRET~~

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~~TOP SECRET~~



2. Please note that the review of the U.S. v. Noriega pleadings file, 11 volumes, has been completed. These pleading files were searched information on Barry Seal. Please note that these pleading files also contain information on [redacted] and [redacted]. If the OIG would like the information on these individuals, please contact the undersigned. (u)

3. This completes OGC record searches in connection with Mena, Arkansas. If you have any questions, please contact me on x76108. (u)



Attachments

²
~~TOP SECRET~~

J69-2

~~SECRET~~

(b)(3)
(b)(7)

APPROVED FOR
RELEASE DATE:
23-Sep-2009

OCA 88-1404
3 May 1988

MEMORANDUM FOR THE RECORD

SUBJECT: Interview of Dewey Clarridge by House Judiciary Committee Staff

1. On 22 April 1988, Jim Dahl and Haydon Gregory, staffers from the Subcommittee on Crime of the House Judiciary Committee, interviewed Dewey Clarridge regarding his knowledge of drug trafficking by the Nicaraguan government or the Contras. The focus of the briefing concerned a Drug Enforcement Agency (DEA) operation in June 1984 to photograph Nicaraguan government officials in Nicaragua loading cocaine onto a plane bound for the United States. The plane was piloted by a DEA informant, Barry Seal, and the hidden cameras were installed by the Agency on the plane in Miami.

2. During the briefing Dewey recalled being asked by DEA to install a hidden camera on the plane piloted by Barry Seal. Dewey stated that it was his understanding that the photographs would be given to DEA to use in a possible trial. The Agency's role in the entire operation was merely to support a law enforcement undertaking. Dewey recalls that one of the individuals photographed loading cocaine onto the plane was Federico Vaughan, an aide to the Nicaraguan Interior Minister.

3.

4. Dewey recalls that not long after obtaining the photographs of Nicaraguan government officials loading cocaine into the plane, a briefing was arranged by DEA in North's office. Dewey was present at the briefing, but cannot recall why he was present for the briefing; he did not know whether the DEA operation was over at the time of the briefing.

5.

ALL PORTIONS SECRET

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6. Mr. Gregory noted that a few weeks after the briefing in North's office, the pictures were leaked to the Washington Times. Dewey stated that he did not know whether North or anyone on his staff leaked the pictures to the newspaper. Dewey did remember that Paula Hawkins used the pictures in her re-election effort.

7. Mr. Gregory also asked Dewey a series of questions dealing with allegations of Contra involvement with drug smuggling. Dewey responded that these allegations arose after he left the Latin American Division, and therefore he was not in a position to comment on the allegations.

8. 


Legislation Division
Office of Congressional Affairs

Distribution:

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OCA/Leg/  (3 May 1988)

~~SECRET~~

D700-2

~~6100-2~~

APPROVED FOR
RELEASE DATE:
03-Sep-2008

(b)(2)
(b)(3)
(b)(6)

STATEMENT FOR THE RECORD

SUBJECT: CIA DRUG POLICY

This signed statement serves to acknowledge that I have been informed that the CIA cannot condone involvement by an employee or assignee with illegal drugs. I understand that if an employee or assignee is determined to be involved in the illegal possession, use, transport, transfer, sale, cultivation, processing or manufacturing of hallucinogens, narcotics, drugs or other materials and chemical compounds identified and listed in the Controlled Substance Act of 1970, as amended, appropriate administrative action will be taken. Such action may result in suspension and, in certain cases, including but not limited to the above-described involvement with "hard" drugs, dismissal from the CIA.

I have been informed, moreover, that the Agency is obligated to report to the Department of Justice, for possible prosecution, certain drug-related infractions by an employee.

I have also been informed that further employee security processing and procedures may be required if incidents of illegal drug involvement later come to the attention of the CIA.

I, further, have been informed that any such illegal drug involvement during any later period of nonemployment or disassociation with the CIA may have a significant effect at the time of any consideration of my re-employment or association with the Agency.

WITNESS' PRINTED NAME	PRINTED NAME
	JOHN W. DEBELIUS
WITNESS' SIGNATURE	SIGNATURE
DATE	
7-11-84	

PRIVACY ACT NOTIFICATION: The Privacy Act, Public Law 93-579, requires that Federal agencies inform individuals when they are asked to provide their Social Security Number (SSN) whether the disclosure is mandatory or voluntary, by what authority such number is solicited, and what uses will be made of the SSN. Disclosure by you of your SSN is voluntary. The authority for this solicitation is Executive Order 9397. The SSN is used as a positive identifier.

RETURN OF SERVICE⁽¹⁾

RECEIVED BY SERVER	DATE 26 June 91	PLACE Fairfax, Va
SERVED	DATE 29 Jun 91	PLACE Wheaton, Md
SERVED ON (NAME) George Cave		FEE AND MILEAGE TENDERED TO WITNESS ⁽²⁾ <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO AMOUNT \$ _____
SERVED BY Gene Wheaton		TITLE Public Defender Investigator
STATEMENT OF SERVICE FEES		
TRAVEL	SERVICES	TOTAL

DECLARATION OF SERVER⁽²⁾

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Return of Service and Statement of Service Fees is true and correct.

Executed on _____
 Date Signature of Server

 Address of Server

ADDITIONAL INFORMATION

(1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, (b) Rule 45(c), Federal Rules of Civil Procedure.
 (2) "Fees and mileage need not be tendered in the deponent upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)."

STU

United States District Court

DISTRICT OF

DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA

V.

SUBPOENA

ARIF DURRANI

CASE NUMBER: CRIM. 8-86-59 (TFGD)

TYPE OF CASE

☐ CIVIL

☒

CRIMINAL

SUBPOENA FOR

☒

PERSON

☐

DOCUMENT(S) or OBJECT(S)

TO:

George Cave
14112 Burning Bush La.
Wheaton, MD

YOU ARE HEREBY COMMANDED to appear in the United States District Court at the place, date, and time specified below to testify in the above case.

PLACE

915 Lafayette Blvd.
Bridgeport, CT

COURTROOM

Fourth Floor
Courtroom of Judge Daly

DATE AND TIME

July 29, 1991
10:00 a.m.

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):

☐ See additional information on reverse

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

U.S. MAGISTRATE OR CLERK OF COURT

KEVIN F. ROWE

DATE

6/25/91

(BY) DEPUTY CLERK

Sharon Collins

This subpoena is issued upon application of the:

☐ Plaintiff ☒ Defendant ☐ U.S. Attorney

QUESTIONS MAY BE ADDRESSED TO:

William M. Bloss, Esq.
JACOBS, GRUDBERG, BELT & DOW, P.C.
350 Orange St.
New Haven, CT 06511 (203) 772-3100

ATTORNEY'S NAME, ADDRESS AND PHONE NUMBER

*If not applicable, enter "none."

To be used in lieu of AOR9

FORM OBD-226
JAN. 86

"Ops."¹¹⁰ Each project received a code name in the sequence TH-1, TH-2, and so on. North told the Committees that the projects had not progressed beyond the planning stage and, therefore, he did not seek a Presidential Finding authorizing any of these operations.¹¹¹

North testified that he discussed the Enterprise's role in these projects with Poindexter, but Poindexter said he did not recall such a conversation.¹¹² The only evidence that the President knew of these sensitive projects appears in a September 15, 1986, memorandum from North to Poindexter. North asked Poindexter to brief the President on certain initiatives, including one of the proposed joint U.S.-Israeli covert operations. An attachment to the memorandum which North suggested should be briefed to Casey stated that "covert funds could be made available" for this operation, but the source of the funds was not disclosed.¹¹³ Poindexter noted on the memorandum that he approved North's recommendation to brief the President on these operations and that it was "done." Poindexter testified that he did not know or tell the President that the covert funds referred to by North were coming from the Enterprise.¹¹⁴

The Lebanese Operation

Another initiative undertaken by North involved the use of DEA and Israeli contacts to fund and equip a force in Lebanon. North described the proposed force as part of a "long term operation" to give the United States some future military leverage on the ground in Lebanon.¹¹⁵

North sent Poindexter a PROF note in June 1986 about Secord's progress in working with a Lebanese group on a hostage rescue operation: "After the CIA took so long to organize and then botched the Kilburn effort, Copp [Secord] undertook to see what could be done through one of the earlier DEA developed [Lebanese] contacts. Dick [Secord] has been working with Nir on this, and now has three people in Beirut and a 40-man force working for us. Dick rates the possibility of success on this operation as 30% but that's better than nothing."¹¹⁶ In closed testimony before the Committees, North indicated that the project was never carried out even though "we spent a fairly significant amount of money on . . . [this additional] DEA operation."¹¹⁷

Peter Kilburn, a 60-year-old librarian at the American University in Beirut, was kidnapped on November 30, 1984. U.S. sources believed that, unlike the other hostages, Kilburn was being held by a criminal faction in Lebanon. At one point in the fall of 1985, North had contemplated allocating Enterprise funds to support an operation intended to free him.¹¹⁸ The plan was terminated when Kilburn was murdered allegedly by agents of Mu'ammar Qaddafi shortly after the American air raid on Libya in April 1986.

Other Countries

Other projects contemplated by North involved aiding anticommunist resistance groups around the world. North told the Committees that he and Director Casey "had several discussions about making what he called off-the-shelf, self-generating activities that would be able to do a number of these things. He had mentioned specifically an ongoing operation." In addition, North testified, "I concluded within my own mind the fact that it might require [other ongoing] operations [as well]."¹¹⁹ In testimony before the Committees, North explained his motivation for assisting resistance groups. "We cannot be seen . . . in the world today as walking away and leaving failure in our wake. We must be able to demonstrate, not only in Nicaragua, but . . . elsewhere where freedom fighters have been told, we will support you, we must be able to continue to do so."¹²⁰

In April 1986, North asked Secord and his partner Albert Hakim to use \$100,000 from the Lake Resources-Swiss accounts to purchase conventional radio phone equipment for donation to a political party in a foreign country. On April 29, two representatives of a U.S. manufacturer met in Miami with Secord and one of Secord's associates, and the purchasing agent for the political party. At the meeting, the purchasing agent agreed to buy \$100,000 of the radio equipment, and Secord—upon North's request—arranged for the Enterprise to wire this amount to the manufacturer.

The Erria

Another of North's projects involved the purchase by the Enterprise of the M/V *Erria*, a small coastal freighter of Danish registry used to transport goods between Europe and the Middle East. The *Erria*, built in 1973, was small, only 163 feet long, and weighed 710 tons.¹²¹ Before its purchase, the *Erria* was owned by its captain, Arne Herup.¹²²

In 1984 and 1985, the *Erria* was used to run weapons to the Persian Gulf and then to Nigeria and Central America. Because of its Danish registry, the *Erria*, was able to escape the scrutiny of customs officials.¹²³ "When we ended up needing a ship to perform a certain task," recalled North, "there was nowhere to get one on short notice, and so this organization [the Enterprise] produced it practically overnight." Poindexter testified that Secord offered the ship because the Department of Defense could not provide a ship suitable for the covert operation.¹²⁴ According to North, Casey said "we can't find one anywhere else, get a ship. It didn't cost the taxpayers of the United States a cent."¹²⁵ The money came from the Iran arms sales and other Enterprise funds.

The *Erria* first came to the attention of the Enterprise in April 1985, when it carried arms purchased through Secord to the Contras. En route to Central

America, the *Erria* came under surveillance by an unidentified "fishing boat" which Captain Herup assumed was Cuban.¹²⁵ Herup took evasive action and brought the cargo successfully to a Central American country.¹²⁶ Herup's actions impressed Secord's associate, Thomas Clines, and when North needed a ship in April 1986, for covert operations, Clines suggested to Hakim that the Enterprise purchase the *Erria* from Herup, and keep him as Captain.

Hakim bought the ship for \$312,000 through Dolmy Business, Inc., one of the Panamanian companies owned by the Enterprise, on April 28, 1986.¹²⁷ Herup was asked to remain as captain for at least six months, with Danish agent Tom Parlow of SA Chartering continuing as the ship's agent. Hakim and Clines told Herup that they were working for the CIA and that at some future date they might ask him to transport technical equipment for covert operations. They promised that when the project was finished, the ship would be returned to Herup at no cost.

The Proposed Charter to the CIA for a Covert Operation

The first mission North contemplated for the *Erria* was for an extended covert operation. On April 28, 1986, Secord sent a KL-43 message to North proposing that the CIA charter the vessel for that purpose: "... Abe [Hakim] still in Copenhagen with our lawyer finalizing purchase of ship. Deal has been made after three days of negotiation. The Danish captain is up and eager for the mission—he now works for us. We are asking . . . [of the CIA] for firm fixed price contract of \$1.2 million for six months. He will probably balk at this price . . ."^{127a}

As Secord predicted, the Agency felt the rate was excessive (several times the prevailing rate for similar assets) and it balked at chartering the ship. In addition, the CIA informed North that it was not interested on technical grounds and that it did not feel that security could be maintained because of the ship's previous use by North's associates to ferry arms to Central America. The Agency indicated that Tom Clines' involvement was a negative factor of major proportions.¹²⁸

North persisted in his efforts to have the CIA lease the ship. He then enlisted Poindexter's help. In a May 14 memorandum, Vincent M. Cannistraro of the SC staff urged Poindexter to take the matter up with Casey:

Status of Ollie's Ship. Ollie has offered the use of a Danish vessel for [a covert operation]. He first offered CIA a six month lease. CIA told me that they thought it was too expensive, and the cost and time involved in refitting the vessel for [the] mission made the alternative option . . . more attractive. Ollie then offered to [perform the mission] using his own resources. [C/NE] has told

me that because of the alleged involvement of one Tom Clines (who was involved with Wilson and Terpil), CIA will have nothing to do with the ship.¹²⁹

In the end, Casey supported Clair George's decision that the ship was not suitable for Agency use.

The Odyssey of the *Erria*

On May 9, 1986, the *Erria* commenced its operations under its new owners, the Enterprise. The ship was to travel to pick up technical equipment for a covert operation.

On May 16 Herup was ordered to abort the mission and return to Larnaca, Cyprus. The new plan for the ship was to pick up any American hostages released as a result of the DEA initiative. En route to Larnaca, Herup received instructions to take up a position off the coast of Lebanon and to await further directions.¹³⁰

As described earlier in this Chapter, the DEA hostage ransom plan failed. Accordingly, after a 48-hour wait, Hakim ordered the ship to sail on to Larnaca. On June 5, Herup received instructions to head for Gibraltar, but at the last moment the ship was diverted to Cagliari, Sardinia. From there, he was told to take the ship to Setubal, Portugal, to await an arms cargo from Defex. The cargo at Setubal was not ready for loading, and Herup was instructed to return to Copenhagen, where he arrived on July 4.¹³¹

The *Erria* then was ordered to Szczecin, Poland, where it arrived on July 10. The cargo it picked up was marked "machine parts," but actually consisted of 158 tons of Communist-bloc weapons, including AK-47 assault rifles, hand grenades, mortars, and a variety of ammunition.¹³² The shipment was consigned to Energy Resources International, an Enterprise company.

The *Erria*'s next stop was Setubal, Portugal, where on July 19, it loaded an additional 222 tons of arms from Defex Portugal in the presence of Parlow and Clines.¹³³ Herup was told to set his course for a Central American port. According to Hakim, the total cargo, which he called the "stranded shipment," cost \$1.7 million;¹³⁴ Secord placed the cost at about \$2.4 million.¹³⁵ En route to Central America, Parlow called Herup and told him to stop the ship: Congress was in the process of repealing the Boland Amendment. The vessel sat in the water for 4 days. Captain Herup then was ordered to return to Portugal, where he was met by Clines.¹³⁶

The Enterprise decided to find a buyer for the 380-ton cargo of arms now on board the *Erria*. Defex sold the arms to an intermediary for \$1.2 million. The intermediary, in turn, sold the cargo for \$2,156,000 (including transportation),¹³⁷ to the CIA, which did not want to deal with the Enterprise because of Clines' involvement. The arms were transferred from

the *Erria* to another ship on September 20 for delivery to the CIA.¹³⁸

Hakim and Secord continued their efforts. Herup was ordered to take the now-empty *Erria* to Haifa, Israel, where it was to receive a new shipment of arms. So as not to run afoul of the Arab boycott, the name of the ship was altered to read, "*Ria*," and false entries were placed in the Captain's log. On October 13, at Haifa, Herup loaded a crate containing eight tons of Eastern Bloc arms that Nir had promised for the Contras. The captain also had been told he was to pick up pharmaceuticals for Iran. No pharmaceuticals were loaded.

Herup was then ordered to go to Fujairah in the Gulf of Oman. The Iranians had promised North two Soviet T-72 tanks, but after the *Erria* waited 6 weeks in the Gulf, the plan failed to materialize. On December 9, Herup was ordered to open the Israeli crate. He found only 600 well-used AK-47 assault rifles and 15 cases of ammunition—valued at approximately \$100,000—a cargo not worth transporting to Central America.¹³⁹

After the revelations of the Iran-Contra covert operations in November 1986, Clines or Hakim ordered the *Erria* on December 14 to return to Eilat, Israel, where the crate of weapons that had been received in Haifa were unloaded.

The *Erria* returned to Denmark later in December. Its missions on behalf of the Enterprise were at an end.

Conclusion

The *Erria* was in a sense a metaphor for the other operations of the Enterprise—ventures that began with ambitious expectations but accomplished nothing. But the fate of these ventures cannot obscure the danger of privatization of covert operations or the fact that the participants in the Enterprise had audacious plans for covert operations. Had the architects of the other operations been emboldened by success, and not frustrated by failure, the Committees can only conjecture, with apprehension, what other uncontrolled covert activities on behalf of the United States lay in store.

126. The commercial Bill of Lading shows the destination as a Central American port; however, the true destination of the cargo was a different Central American port. The ship arrived at that port on June 2, 1985. ER0001-02.

127. Dolmy Business, Inc., was organized as a corporation under the laws of Panama, on September 11, 1985. ER03-09; ER10-12. See also: the Memorandum of Agreement and Bill of Sale covering the *Erria*. ER13-17; ER18-19.

127a. OLN Ex-286.

128. C9605. Items for discussion at DCI meeting with Poindexter on 5/15/86.

129. N43472 (Memo from Cannistraro to Poindexter "Agenda for weekly meeting with DCI," 5/14/86.)

130. See summary log of the *Erria*, at ER0021; *Erria* log book, at ER0023-30; and ship's position May 23-29, as reflected on page 14 of the *Erria* log book, at ER0031.

131. At this point, Albert Hakim and Dolmy Corporation owed SA Chartering \$32,000 for fuel and wages, and it was for the purpose of collecting this debt that Tom Parlow directed Captain Herup to return to Copenhagen. Parlow sent a telex to CSF, stating falsely that SA Chartering had the vessel impounded for non-payment of account. CSF

then promptly wired money to SA Chartering which was drawn against Dolmy's Credit Suisse account.

132. Herup, Int., 4/29/87 at 68; Staff memo on Coastal Freighter *Erria*, 3/4/87, at 5; "National Syrian tied to North." B. Sun, 4/20/87, at 1A, 9A.

133. Staff memo on Coastal Freighter *Erria*, 3/4/87, at 5.

134. See Chapter 22.

135. SC4104, Secord letter to Liman and Nields, "Arms Sales Profit Analysis." at 2.

136. Herup Int., 4/29/87, at 6-7.

137. Staff memo on Hakim/Secord ownership of *Erria* arms cargo, 4/30/87, at 2; C4803-C4807, H87. The CIA did not get the whole cargo for that price. Some of the munitions were diverted by the intermediary, for use by North for other covert activities.

138. The transfer of the *Erria's* cargo took place in Cherbourg, France. Five of the ship's containers were destined for one U.S. port, and 22 containers were destined for another U.S. port. See loading diagram at ER34. The relevant shipping documents, including cargo declaration, manifest, identification of crew, etc., at ER35-42, ER43-4.

139. ER32. See also Herup Int., 4/29/87, at 10.

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UNCLASSIFIED

11 PAGES

ER-0034 thru ER-0044

Chapter 23, FN # 138

DENIED IN

TOTAL

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Tab B

Chapter 14

"Taken to the Cleaners": The Iran Initiative Continues*

The United States had taken a firm position in Tehran. Although offered two hostages, McFarlane had refused to deliver the remaining HAWK parts unless all the hostages were released first. But this was to be the last show of toughness by the United States: just 2 months later, the United States delivered the same HAWK parts after obtaining the release of only one hostage.

The Iran initiative continued until public reaction following its exposure in November 1986 forced its cancellation. Before then, some of the players had changed: a new channel to Iran (the "Second Channel")¹ with a new Iranian emissary was found; Nir was cut out of the negotiations; and Secord and Hakim took his place. More missiles were sent to Iran, where they went to the radical Revolutionary Guard. But fundamental problems remained, and the Second Channel turned out to represent the same Iranian leaders as did the First Channel. In the end, the United States secured the release of another hostage but three more were seized, at least one allegedly at the instigation of one of the Iranians with whom the U.S. negotiators had dealt earlier. Despite this, however, the U.S. negotiators agreed not only to sequential release of the hostages but also to seeking the freedom of the convicted Da'wa terrorists from prison in Kuwait.

The Bartering Continues

The deadlock in Tehran did not end Manucher Ghorbanifar's role as an intermediary. A strange interdependence had developed among the parties: Iran still wanted the remaining HAWK parts and other high technology weapons from the United States; the United States wanted the hostages; Israel wanted direct or indirect relations with Iran; and Ghorbanifar wanted to be paid.

Ghorbanifar had borrowed \$15 million from Saudi entrepreneur Adnan Khashoggi to finance the HAWK parts shipment and Khashoggi, in turn, had borrowed the money from his financiers. But only one pallet of HAWK parts had been delivered in

Tehran and Iran refused to pay. Ghorbanifar could repay his debt to Khashoggi only by inducing the United States to ship the rest of the parts.

Only days after the Tehran mission ended, Ghorbanifar was on the phone with an Israeli official seeking a meeting. Ghorbanifar blamed the failure of the Tehran trip on internal rivalries within the Iranian Government and complained about Robert McFarlane's refusal to accept the offer to release two hostages for the HAWK parts. The Israeli official restated the U.S. position: there could be no further discussions unless all the hostages were released first.²

Shortly afterward, CIA consultant George Cave was in communication with the Second Iranian, who also wanted the remaining HAWK parts delivered. The Second Iranian claimed that Iran controlled the hostages and that if all the parts were delivered, two hostages would be released. When the HAWK radars were delivered, the two remaining hostages would be freed.³ The parts, however, would have to be delivered first and the hostages would follow—the mirror image of the U.S. position. Cave rejected this proposition—all the hostages would have to be released before any of the parts could be delivered.⁴ The parties remained far apart.

Iran Discovers the Overcharge

By the end of June, Iran had raised another reason for refusing to pay Ghorbanifar and release the hostages: The Iranians had obtained a "[m]icrofiche of factory prices" that "does not compare w/ prices charged."⁵

On June 30, Cave spoke by telephone to the Second Iranian who complained that the Iranians had a microfiche price list showing the true price of the HAWK parts and that they had been overcharged by 600 percent.⁶ The same day, Ghorbanifar called CIA official Charles Allen and told him that while he was being blamed for the overcharge, his markup was only 41 percent.⁷

The sensitivity of the Iranians to overcharging had been known to the Americans for some time. In a December 4, 1985 PROF note to John Poindexter, Oliver North warned that the Iranians were unlikely to release the hostages in a "single transaction" because they had been "'scammed' so many times in the

*"Our guys . . . they got taken to the cleaners." Secretary of State, George P. Shultz, testifying at the public hearings, 7/23/87, at 184.

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Chadwick Wylie: (L-01)
 What agent is

1720 - Location of Prison
 Prison does not contain
 of Prisoner Success.

Temas

Seconded with Mr. Packer
 who is now in
 San Jose
 who was charged
 with actual copy
 of items plus making
 handling trans.

Succession in 1955

Referring that that was in
 no one with -- 56 different
 way.

Quoting can from

Partially Declassified: 1/26/89
 E.O. 12356
 By R. J. [unclear], National Security Council

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AFTER GREETINGS:

S-WE SENT OUR FRIEND A PRICE LIST FOR THESE 240.

WHEN?

S-LAST THURSDAY.

THURSDAY?

S-RIGHT. IT MUST HAVE ARRIVED.

IS THAT THE SAME PRICE LIST THAT HE GAVE US IN WHICH THE PRICES WERE SIX TIMES HIGHER?

S-NO. THIS IS THE BASIC PRICE FOR THE 240 ITEMS. IT DOES NOT INCLUDE TRANSPORTATION COSTS, INSURANCE, AND A FEW OTHER THINGS. JUST THE SALE PRICE.

HE DIDN'T GIVE US THIS.

S-PERHAPS IT HADN'T REACHED HIM. BUT WE SENT IT LAST THURSDAY.

YOU GAVE HIM PRICES? ((INAUDIBLE))

S-YES.

HE GAVE US A PRICE LIST, BUT IT WAS NOT LAST THURSDAY. IT WAS BEFORE THAT AND WHEN WE FIGURED OUT THE PRICES, THEY WERE ABOUT SEVEN TIMES HIGHER. NOW, I DON'T KNOW WHETHER YOU'RE TALKING ABOUT THAT LIST OR SOMETHING ELSE.

S-SOMETHING ELSE. THESE PRICES THAT HE GAVE YOU INCLUDED EVERYTHING--TRANSPORTATION ETC. WHAT I'M TALKING ABOUT IS THE PRICE FOR WHICH THE 240 WERE SOLD.

SO IF YOU SENT IT THURSDAY, SHOULDN'T IT HAVE ARRIVED BY NOW?

S-IT SHOULD HAVE.

I'LL GET IN TOUCH WITH HIM TONIGHT. IF I CAN LOCATE HIM??

S-LOOK. MR. GOODE AND I ARE IN A BAD SITUATION HERE.

WHY?

S-BECAUSE THE HEAD OF OUR COMPANY IS VERY TIRED OF THIS DEAL. HE WANTS TO BREAK IT OFF.

IT'S THE SAME FOR ME HERE.

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S-FINE. THEN BOTH OF US ARE IN THE SAME BOAT.

WHAT?

S-WE ARE BOTH IN THE SAME TRENCH. WE'VE GOT TO BRING THIS THING TO A CONCLUSION AS SOON AS POSSIBLE.

((FEW WORDS MISSED.)) MY SITUATION IS EVEN WORSE HERE. ((FEW WORDS)) NOW, IF THESE PRICES ARE LOWER, WE CAN PRESENT THIS PROPOSAL OF YOURS.

S-LOOK, THIS IS UP TO OUR FRIEND IN EUROPE.

CAN YOU GIVE ME THE PRICES YOURSELF?

S-I DON'T HAVE THEM.

WHO HAS THEM?

S-UH, ONE OF THE EMPLOYEES OF MR. GOODE SENT THEM. I HAVE NOT SEEN THEM AT ALL.

WHEN WILL THEY GET TO US? ((INAUDIBLE))

S-UH, THEY MUST BE IN OUR FRIEND'S HANDS NOW. YOU WILL HAVE TO ASK HIM.

((INAUDIBLE))

S-HE HAS THEM. YOU WILL HAVE TO CONSULT WITH HIM.

((FEW WORDS)) WE TALK WITH YOU?

S-FINE. THAT MIGHT BE POSSIBLE IN THE FUTURE. THAT'S WHAT WE SAID WHEN WE WERE TALKING WITH YOU IN DUBAI. ((TEHRAN)). WE SAID THAT IT WOULD BE BETTER IF WE APPOINTED TWO PERSONS TO BE WITH YOU ALL THE TIME FOR DIRECT COMMUNICATIONS. THEN THESE MISUNDERSTANDINGS WOULD NOT OCCUR. DO YOU REMEMBER WHEN WE SENT YOU THAT VOLKSWAGEN. THIS WAS GOOD. THE PRICE WAS VERY GOOD. THE BEST POSSIBLE PRICE.

LOOK, ALL I KNOW IS THAT HE SENT US A PRICE? AND WHEN WE FIGURED IT OUT IT WAS SIX TIMES HIGHER. ((FEW WORDS MISSED))

S-THE PRICES WHICH WE SENT WERE THE BASIC PRICES FOR ALL THE 240, WITHOUT TRANSPORTATION, INSURANCE, AND THINGS LIKE THAT.

WITHOUT? TRANSPORTATION AND INSURANCE?

S-AND ADMINISTRATIVE COSTS. AND FOR CLEANING OFF ALL THE CRATES.

I COULDN'T HEAR YOU. SPEAK UP.

S-THE PRICE THAT WE SENT DID NOT INCLUDE TRANSPORTATION, INSURANCE, AND OUR FRIEND'S PROFIT.

S-FINE. YOU TELL HIM TO GIVE US THOSE PRICES SO WE CAN SEE HOW MUCH LOWER THEY ARE. IF THE PRICES ARE ACCEPTABLE, I CAN PRESENT YOUR PROPOSAL.

S-VERY GOOD. BUT I'VE GOT NOTHING TO DO WITH THIS. THIS IS BETWEEN YOU AND THAT FRIEND OF OURS.

((FEW WORDS)) HE SAYS THAT HE DIDN'T JACK ON ANYTHING AND THAT THESE

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WERE THE PRICES YOU GAVE HIM.

S-FINE. YOU WILL HAVE TO SETTLE THIS WITH OUR FRIEND AS SOON AS POSSIBLE. TALK WITH HIM. IT'S GOT NOTHING TO DO WITH US. I JUST WANTED TO TELL YOU THAT THE HEAD OF OUR COMPANY HERE IS MOST UNHAPPY, AND WANTS TO CUT IT OFF.

WHO WANTS TO CUT IT OFF?

S-THE HEAD OF OUR COMPANY. HE SAYS, "IF THEY WANT THEM, THEY SHOULD BUY THEM. IF THEY DON'T WANT THEM, THEY SHOULD GET THEM SOMEPLACE ELSE."

FOR THE SAME PRICE?

S-THAT'S BETWEEN YOU AND OUR FRIEND. HE'S THE MIDDLEMAN.

((INAUDIBLE))

S-THIS LIST WHICH WE SENT CONTAINS THE PRICE FOR WHICH IT WAS SOLD TO THE MIDDLEMAN. THIS FRIEND OF OURS BOUGHT IT FROM THE MIDDLEMAN.

((INAUDIBLE))

S-WELL, UNFORTUNATELY, IN THIS INSTANCE, THERE IS NO OTHER SOLUTION. WE MUST THINK ABOUT THE FUTURE.

((FEW WORDS MISSED)) YOU WERE SUPPOSED TO GIVE US THE FACTORY PRICES. IF YOU GIVE US THIS PRICE, DON'T YOU KNOW THAT... THIS FELLOW SAYS THAT HE IS NOT TACKLING ON ANYTHING. HE IS NOT USING ANY ((WORD MISSED)). HOW MUCH IS THE TOTAL PRICE?

S- THEY SAID THAT IT WAS ABOUT 45. IS THAT RIGHT?

45?

S-RIGHT. ((ONE WORD)) THE 240 AND THE TWO CHUTIS.

WITHOUT THE LOADING AND INSURANCE.

S-I DON'T KNOW. I'M JUST, I MEAN, I MEAN THE TOTAL PRICE, I MEAN THE TRANSPORTATION, AND THE TWO CHUTIS AND THE 240, AND THE INSURANCE, AND, ABOUT 45. I'M REALLY NOT INVOLVED IN THIS. IT'S ABOUT 45. RIGHT?

WAS 45 THE PRICE YOU GAVE TO HIM?

S-NO, NO. WE DID NOT GIVE THE PRICE. WE JUST AUTHORIZED THE COMPANIES TO SELL THEM TO SEVERAL MIDDLEMEN. OUR FRIEND BOUGHT THEM FROM MIDDLEMEN.

((FEW WORDS)) THE PRICE AS IT NOW IS, DID OUR FRIEND ADD TO IT OR DID YOU ((FEW WORDS))?

S- NO. WE WERE NOT OURSELVES INVOLVED IN THIS DEAL. THIS IS HOW THE TRANSACTION WAS. WE AUTHORIZED THE COMPANIES TO SELL TO SEVERAL MIDDLEMEN. THESE MIDDLEMEN SOLD TO OUR FRIEND. THIS PRICE THAT WE SENT TO OUR FRIEND IS THE PRICE THAT THE COMPANIES SOLD TO THE MIDDLEMEN.

((FEW WORDS)) DID THEY SELL IT TO OUR FRIEND?

S-NO, NO. OUR FRIEND BOUGHT IT FROM THE MIDDLEMEN.

OUR FRIEND BOUGHT IT FROM THE MIDDLEMEN.

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S-YES, AND THE MIDDLEMEN BOUGHT IT FROM THE COMPANIES. WE MERELY AUTHORIZED THE SALE OF THESE 240. AND THE PRICE LIST WHICH WE SENT, IS THE PRICE FOR WHICH IT WAS SOLD TO THE MIDDLEMEN.

S-THE PROBLEM IS ((FEW WORDS)). I DON'T THINK THAT.

S-THAT'S WHY WE HAVE ALWAYS SAID THAT IN THE FUTURE WE MUST BE IN DIRECT CONTACT FOR THINGS LIKE THIS. IT'S EASIER AND CHEAPER.

S-((INAUDIBLE))

S-THIS TIME, IT HAS TO BE THIS WAY, THE HEAD OF OUR COMPANY IS VERY TIRED OF THIS. HE'S ANGRY, HE SAID, "IF THEY DON'T WANT TO DEAL, BREAK IT OFF."

S-LOOK, THE PROBLEM IS THE PRICE. I HAVE NOT YET BROUGHT UP THE MATTER OF YOUR PROPOSAL. THE PRICE IS AN IMPORTANT MATTER FOR US. ABOUT THE PRICE, SAY THAT YOU GAVE PERMISSION TO THE MIDDLEMEN TO GO THERE AND MAKE THE PURCHASE.

S-RIGHT.

S-WE DIDN'T MAKE THE REQUEST OF ((FEW WORDS)). WE MADE THE REQUEST OF YOU.

S-WELL, WE HAD NO OTHER RECOURSE. IT HAD TO BE THAT WAY—FOR THE PRESENT. IN THE FUTURE, WE MIGHT BE ABLE TO ARRANGE SOMETHING, BUT NOW THE IMPORTANT THING IS, IS THERE GOING TO BE A DEAL OR NOT.

S-THE IMPORTANT THING FOR US NOW IS THAT THESE PRICES YOU GAVE ARE SIX TIMES THE ORIGINAL PRICES. THAT'S IMPORTANT FOR US. IF THAT HAS AN EFFECT ON THE OUTCOME, THEY SAY, "THIS IS NOT GOOD RELATIONS TO SELL SOMETHING FOR SIX TIMES THE PRICE."

S-I CAN'T DO ANYTHING ABOUT THAT. WHAT CAN I DO ABOUT IT?

S-WELL, LOOK, YOU ARE THE ONE WE ARE NEGOTIATING WITH. YOU KNOW PERSTAN, AND IT IS YOU WE ARE TALKING TO.

S-BUT MY HANDS ARE TIED. THESE 240 HAVE BEEN SOLD TO SOMEONE. HE BOUGHT IT AND RESOLD IT TO OUR FRIEND. WHAT CAN I DO? IT'S BEST THAT YOU BUY THESE GOODS SOMEWHERE ELSE. THESE WERE VERY DIFFICULT.

S-IF WE BUY THESE...

S-CAN YOU GET ANY THEN SOMEWHERE ELSE?

S-((INAUDIBLE))

S-NO, NO. IT WAS A VERY DIFFICULT THING TO BUY ALL OF THESE 240, BECAUSE THEY ARE VERY SCARCE. AS YOU KNOW, SOME OF THEM WERE OUT OF STOCK.

S-FINE. I ACCEPT THE FACT THAT IT WAS DIFFICULT, BUT SIX OR SEVEN TIMES THE COST? THIS IS NOT RIGHT. THIS IS HAVING AN EFFECT ON THE DEAL—ON YOUR GOOD WILL THAT YOU WISH TO ESTABLISH. AN ADVERSE EFFECT. THEY ARE SAYING, "IF THEY WANT US TO DO THIS SERVICE, WHY ARE THEY CHARGING SIX TIMES THE PRICE? WE HAVE NO PROBLEM WITH OUR FRIEND THAT HE IS ASKING THIS. WE HAVE NO PROBLEM WITH HIM. WE SEE THIS AS YOUR FAULT. ((FEW WORDS)). TELL US WHAT THE PRICE IS, WHATEVER IT IS. WE HAVE NO QUARREL WITH A 3 OR TO PERCENT MARKUP, BUT 600 PERCENT—NO.

S-BUT IT ISN'T 600 PERCENT.

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S-YES IT IS. IT'S MORE THAN THAT. IT AVERAGES OUT TO 4.13 TIMES HIGHER.

S-YOU SAID THAT YOU HAVE A MICROFICHE. HAVE YOU SENT IT TO ME?

S-YOU CAN GET ONE OF THESE YOURSELF. I'LL SEND IT TO YOU. I'LL SEND IT ON A FLIGHT TOMORROW. ((PORTION MISSED.)) WE AREN'T GETTING THESE GOODS FROM HIM. WE'RE GETTING THEM FROM YOU.

S-NO. IN THIS INSTANCE, YOU ARE BUYING FROM OUR FRIEND, NOT FROM US. IT MIGHT BE THIS WAY IN THE FUTURE, BUT NOT NOW. IF THIS DEAL IS TO COME OR IT WILL HAVE TO BE THROUGH OUR FRIEND. AND IF THIS DEAL IS TO BE SUCCESSFUL IT HAS TO BE THROUGH OUR FRIEND. THERE IS NO OTHER WAY.

S-I DON'T THINK THEY WILL AGREE IF THE PRICES ARE SIX TIMES HIGHER.

S-YOU AND I ARE IN THE SAME TRENCH. YOU HAVE A PROBLEM. I HAVE A PROBLEM. THE HEAD OF OUR COMPANY IS VERY DISPLEASED WITH MR. GOODE AND ME. PARTICULAR WITH THE DELEGATION THAT WENT TO DUBAI. THE HEAD OF OUR COMPANY IS VERY DISPLEASED WITH THE TREATMENT THERE, AND HE IS READY TO TERMINATE THE WHOLE DEAL. I HAVE MY OWN OPINION ON THE MATTER. I WOULD LIKE TO SEE OUR RELATIONS BETWEEN OUR COMPANIES IN THE FUTURE.

S-SPEAK UP, SO I CAN HEAR YOU.

S-I WANT TO SEE GOOD RELATIONS BETWEEN OUR TWO COUNTRIES. BUT THIS HEAD OF OUR COMPANY IS EXTREMELY UPSET.

S-FINE. IF YOU WANT ((FEW WORDS)) HOW CAN WE DO ANYTHING FOR YOU WITH THESE PRICES? WE SENSE THAT THIS IS ((ONE WORD)).

S-IT IS NOT SIX TIMES HIGHER. IT IS MUCH LESS THAN THAT.

S-NO. BELIEVE ME THAT'S WHAT IT IS. I'M WILLING TO BET WITH YOU ON THAT.

S-FINE. BET WITH ME, BUT YOU HAVE TO SEND THIS MICROFICHE FOR US SO THAT ((FEW WORDS)) IT.

S-I'LL SEND IT, BUT ((FEW WORDS)).

S-WHO PREPARED THIS MICROFICHE?

S-THIS MICROFICHE THAT WE HAVE NOW, IN THE MARKET... ((STARTS OVER)) THESE PRICES THAT YOU GAVE US ARE BLACK MARKET PRICES. ON THE BLACK MARKET THEY PAY PRICES. THEY ARE SEVERAL TIMES HIGHER. AND IF WE BOUGHT THESE THINGS ON THE BLACK MARKET, WE WOULDN'T HAVE TO PERFORM ANY SERVICES, SO WE WILL BUY FROM THE BLACK MARKET JUST AS WE HAVE UP TO NOW.

S-((FEW WORDS)) BUY FOR LESS ON THE BLACK MARKET?

S-NO. THESE PRICES THAT YOU HAVE GIVEN ARE BLACK MARKET PRICES, NOT FAIR PRICES. I WANT TO PROVE HERE THAT IF WE DO THIS SERVICE, ((FEW WORDS)). YOU WILL GIVE A POSITIVE ANSWER TO OUR ((FEW WORDS)). MY REPUTATION IS BEING RUINED BY THIS THING. I WON'T HAVE ANY POWER TO DO ANYTHING FOR YOU ANY MORE.

S-SOME OF THIS IS NOT IN MY HANDS. WE MUST UNDERSTAND THAT...

S-WE ARE WILLING TO BUY THIS, BUT FOR A REALISTIC PRICE, NOT FOR SEVERAL TIMES HIGHER. WE EXPECT YOU TO SELL AT THE CORRECT PRICE.

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B-FINE. THE PRICE... THAT'S RIGHT. BUT IN THIS DEAL, MONEY IS NOT AN
IMPORTANT THING FOR US. THE IMPORTANT THING IS THE RELATIONS BETWEEN THE
TWO COMPANIES.-

(FEW WORDS) YOU INCREASE IT

8-YOU HAVE TALKED WITH OUR FRIEND ABOUT THIS. WHAT DID HE SAY?

HE SAID, "THIS IS THE PRICE THEY GAVE ME." (SENTENCE MISSED). IS HE
TELLING THE TRUTH, OR NOT?

8-THAT'S RIGHT. I MEAN, WE GENT HIM THE PRICE OF THE 240, NOT INCLUDING THE TRANSPORTATION, INSURANCE, ETC. AND HE'LL HAVE TO TALK WITH YOU ABOUT IT MUST HAVE REACHED HIM.

WHEN DID YOU SEND IT FOR HIM? THURSDAY?

B- RIGHT

DID YOU SEND IT BY MAIL

6- WE SENT IT BY ONE OF THESE COURIER SERVICES WHICH DELIVERS IN ONE OR TWO DAYS.

SO FRIDAY, SATURDAY... I'LL CALL HIM TONIGHT AND SEE WHAT THE PRICE IS
YOU HAVE GIVEN HIM.

8- FINE. I DON'T HAVE THE LIST NOW

CALL ME TOMORROW NIGHT, AND I'LL GIVE YOU AN ANSWER.
I'LL FIND OUR FRIEND TONIGHT. LOOK, TRY TO KEEP THINGS GOING THERE.
WE'VE BROUGHT THIS THING TO THE FINAL STAGES AND ARE ON THE VERGE OF A
SOLUTION. DON'T LET THE ISSUE OF PRICE DESTROY WHAT WE'VE DONE. WE DON'T
HAVE ANY PROBLEM WITH ANYONE; NOT WITH OUR FRIEND OR ANYONE ELSE.

5- AND I AM IN THE SAME BIND HERE, BECAUSE I'VE WORKED A LOT ON THIS, AND NOW IT HAS GOTTEN NO-HERE. WE HAVEN'T ATTAINED OUR GOAL.

WE MUST TRY TO PURSUE THE NIGHT COURSE? HERE NOW THIS PRICE THAT YOU
WANT TO GIVE, WE EXPECT YOU NOT TO INCREASE IT ANY.

6- WE HAVE NOT INCREASED IT. IF THERE HAS BEEN AN INCREASE, IT HAS BEEN SOMEWHERE ELSE.

IF YOU HAVEN'T INCREASED THE PRICE, SEND US THE REAL PRICE

8- WE'VE SENT IT TO THE FRIEND

VERY GOOD. I'LL CONTACT HIM TONIGHT

6-FINE. WE MUST NOT LOSE THIS OPPORTUNITY, BECAUSE THE TIME IS VERY SHORT.

FINE. I'LL GET THIS PRICE TONIGHT. THEN I WILL BRING UP YOUR PROPOSAL.

B-VERY GOOD.

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Chapter 14

Fachliste -

Care call

(Today 1400)

claimed to have microfiche showing
1985 prices

Care: Does not believe this; believes [redacted] + company have looked at old records and compared prices

- Tehran does not trust the merchant and believes merchant or someone has grossly inflated prices

- Told [redacted] that price list went to merchant 14-7

- extremely stubborn over prices;
- did not release one iota

but Came does not believe

but Lane does not believe
asked Lane to call him back
tomorrow

English Declaration of Self: 23 Jun 87

Under contract to F.O. 7235

BY E. RAYLE, JR. JUDGE, JEROME COUNTY

1832 - Merchant called me. He was screaming that [redacted] was blaming him; merchant claims prices increased only 41% over prices 12th Jan 1941. Merchant will call 11th Jan 1941.

of 1986, after a Hakim visit to Forways for a demonstration of the laser sight, the Enterprise wired \$50,000 as "seed money" to Forways for the manufacture of the sights. But the money was not used by Forways. Instead, it was immediately sent to Stanford Technology Trading Group.²⁰³

E. Forways

Throughout 1986, Zucker experienced problems with one of his Forways partners, Jacob Farber.²⁰⁴ According to Hakim, in the fall of 1986, he and Secord made plans to purchase most of Farber's interest in Forways so that they would obtain a one-third interest in the company. At the same time, as negotiations were ongoing with the Second Channel, Hakim gave a set of Forways catalogues to the Second Channel negotiators and told them "once things get going, then we will be able to sell directly from Forways."²⁰⁵ Hakim denied that he mentioned any specific product.²⁰⁶ The records of Forways show that from the fall of 1985 through the fall of 1986, the company attempted to buy—and apparently succeeded in some cases—quantities of HAWK spares parts in Europe.²⁰⁷

In early October, Farber sold his shares to Zucker for \$750,000. Shortly thereafter, Zucker wrote a memorandum to the officers of Forways stating that Secord and Hakim would probably buy the bulk of the Farber shares, thereby obtaining a one-third interest in Forways. Zucker also stated in the memorandum that he expected Forways to have record-breaking sales and profits in the coming year—at levels inconceivable to the new officers of Forways.²⁰⁸

In early November, \$760,000 of Enterprise money was apparently transferred to CSF: on November 5, 1986, \$500,000 moved out of Hakim's fiduciary fund to an unknown location and, on November 10, 1986, \$260,000 moved out of one of the operational companies to an unknown location. The \$500,000 block of funds had been previously earmarked for a joint Hakim/Secord investment. The \$260,000 transfer was recorded in the ledgers with the notation "CSF Invest.—Forways."²⁰⁹

Hakim denied that the Secord-Hakim purchase of the Farber shares was ever completed, and in March of 1987, Zucker wrote a note to an officer and director of Forways indicating that after the Iran/Contra story broke, he stopped the Hakim-Secord part of the transaction.²¹⁰ However, there is no record of the \$760,000 ever being returned to the Enterprise or any of the fiduciary funds.

F. The Iranian Market

The amounts distributed to Hakim and Secord do not tell the full story of their ambitions, which Hakim made no effort to hide. Hakim saw the Iranian market as providing spectacular opportunities for wealth. He testified that he hoped to obtain for Secord and him-

self at least a 3 percent share of the annual \$15 billion Iranian market if commercial relations with the United States could be renewed. By using money from the Enterprise, including the reserves to "grease" the way with the Second Channel, and by proposing compromises to North and Iran, Hakim was not only promoting a solution to the impasse over the hostages, but also pursuing his and Secord's own commercial interests. The ultimate goal, as Hakim admitted, was not the millions he actually took from the Enterprise during 1985 and 1986, but the \$15 billion-a-year Iranian market.²¹¹

The Reserves

The Enterprise transferred \$4.2 million to CSF to be held in three fiduciary accounts referred to as the "Reserves."²¹² A large part of the Reserve monies appear to have come from the proceeds of the Iranian arms sales.

According to the CSF fiduciary agreements, Hakim was the owner of the Reserves; Secord testified, however, that the Enterprise was the beneficial owner of the Reserves and Hakim acknowledged that the Reserves were treated as the Enterprise's money.²¹³ Table 22-6, Distributions to Reserves, shows the amount of each Reserve, the operational company from which the monies were taken, and the date each Reserve was established.

Table 22-6.—Distributions to Reserves²¹⁴

Reserve	Date	Amount	Source
Reserve 1	3/05/86.....	\$2,000,000	Gulf Marketing
Reserve 2	6/18/86.....	2,000,000	Hyde Park
Reserve 3	6/18/86.....	200,000	Hyde Park

²¹⁴ Based upon CSF Ledgers.

Hakim testified that Reserve 2, containing \$2,000,000, was to be used to pay money to persons associated with the Second Channel. According to Hakim, if the Second Channel initiative was successful, the money was to be invested for those persons in the joint Iranian-U.S. venture which was being planned; if the Second Channel was unsuccessful, it would be used as baksheesh.²¹⁵ Reserve 1, containing an additional \$2,000,000, was to be used for any purpose, including "operational purposes."²¹⁶

The CSF fiduciary agreement governing Reserve 1—the one for covert operations—provided that should Hakim die, Secord would have direct control over it and should Secord die, North would have direct control. Should North die, the remaining portion of the Reserve would be divided equally among the estates of all three men. The instructions to CSF were irrevocable without the consent of all the beneficiaries.²¹⁷ Hakim said that in setting up Reserve 1, he simply followed the structure of the Enterprise

173. Although Secord did not provide an estimate as to the commissions distributed for the stranded shipment, Hakim did do so. Secord Letter, SC04081-105; Hakim Dep., 5/23/87, at 19. The profit estimated by the Committees for these shipments is \$300,000 higher than that estimated by Secord/Hakim.

174. Secord Test., *Hearings*, 100-1, 5/5/87, at 53.

175. See Table 22-4, Markup on Arms Purchased for Contras According to CSF Ledgers.

176. Hakim Dep., 5/22/87, at 88. See Table 22-5, Commissions on Arms Sales to the Contras.

177. Secord Test., *Hearings*, 100-1, 5/7/87, at 171.

178. See Table 22-5, Commissions on Arms Sales to the Contras; Hakim Dep., 5/22/87, at 88-89. Exactly whom Hakim was trying to confuse and what he was trying to accomplish is not clear. On the CSF books, payments to Defex SA (the fake arms account) would appear to depress profits that the Enterprise actually made on the arms sales and thus mislead an uninformed reader.

179. Hakim Test., *Hearings*, 100-5, 6/5/87, at 20-21. Secord claimed that the cost of the weapons was about \$2.4 million. Secord letter, SC04184. Committee accountants could only identify \$2.2 million in weapons costs for the stranded shipment in the CSF ledgers.

180. Secord Test., *Hearings*, 100-1, 5/7/87, at 191; Hakim Dep., 5/22/87, at 156-62; *Id.* at 161.

181. Hakim Dep., 5/23/87, at 19-20; Hakim, 6/5/87, at 52-56.

182. See Table 22-4, Mark-Up on Arms Purchased For the Contras According to CSF Ledgers. Secord testified that commissions were distributed in a 40/40/20 ratio (Secord, Hakim, Clines) and Hakim indicated that on the later arms shipments the ratio was 30/30/30/10 (Secord, Hakim, Clines, and Scitech); Secord Test., *Hearings*, 100-1, at 53; Hakim Dep., 5/22/87, at 147-48.

The ledgers show that the total sum of money distributed to Korel, Hakim, and C. Tea during February 1985 to mid-December 1985 equaled a 32/33/21/14 ratio among Korel, Hakim, C. Tea and Scitech/STTGI, which is equivalent to a 39/40/21 ratio when one splits the STTGI/Scitech distribution among Korel and Hakim. While most of the relevant ledger entries describing the distributions simply stated "transfer," the last distribution in the period contained a notation "Bal. of Act. for Phases I-II-III."

On December 17, 1985, there was a simultaneous distribution, marked in the ledgers as "Profit Distribution Phase IV," to Korel, Hakim, and Clines, in a 40/40/20 ratio; in addition, there were four other simultaneous 1986 distributions: May 20, June 3, June 20, and August 27, all of which fell in the 30/30/30/10 pattern described by Hakim. A February 7, 1986, distribution was made in basically a 50/50 ratio between Korel and Hakim. Hakim indicated that this was a commission payment.

The balance of the distributions shown in the ledgers from December 17, 1985, to the end of the active days of the Enterprise -- \$2.1 million -- did not fall into any pattern, and, except for some very minor amounts, did not include Clines.

Secord told the Committees the total amount of profit the Enterprise made on each arms shipment and roughly the date of each arms transaction. Using this information, the Committees correlated the commission distribution to each arms shipment.

183. The financial data in this Section are based upon the CSF ledgers and supporting bank documents.

184. Summary of distributions to Secord, Hakim, and Clines, excluding commissions, H6372A-77. The Committees traced \$328,885 of this money to Hakim and \$42,275 to Clines. Secord received \$50,000 which he, in turn, loaned to his attorney, Tom Green. *Id.*

185. See Secord Test., *Hearings*, 100-1, 5/8/87, at 307, Secord Ex. 76.

186. See Staff Memorandum, The Tri-American Arms Venture, 10/5/87.

187. Secord Test., *Hearings*, 100-1, 5/8/87, at 193-94, 331; Ex. RVS-75, *Hearings*, 100-1, at 594; Hakim Test., *Hearings*, 100-5, 6/5/87, at 14-16.

188. Marostica Dep., 5/20/87, at 24-26, 29-30; Royer Dep., 5/21/87, at 79-83.

189. Ex. RVS-76, *Hearings*, 100-1, at 598; Hakim Dep., 5/23/87, at 80; Secord Test., *Hearings*, 100-1, 5/8/87, at 331-36.

190. Hakim Dep., 5/31/87, at 178-80.

191. Marostica Dep., 5/20/87, at 13-20; Royer Dep., 5/21/87, at 28-32.

192. Secord Test., *Hearings*, 100-1, 5/7/87, at 193.

193. Royer Dep., 5/21/87, at 45-53.

194. Hakim Test., *Hearings*, 100-5, 6/5/87, at 16; Royer Dep., 5/21/87, at 58.

195. Summary of CSF ledger entries showing transfers to STTGI, H637-1.

196. Summary of STTGI Bank Records, STG134507-09; Secord Test., *Hearings*, 5/7/87, 100-1, at 168.

197. Scitech ledger entries, H02959-60.

198. Secord Test., *Hearings*, 100-1, 5/7/87, at 166-67.

199. Hakim Dep., 5/23/87, at 143.

200. Hakim Test., *Hearings*, 100-5, 6/3/87, at 217.

201. Scitech ledgers, H02959-60; Summary of CSF Ledgers and Bank Records, prepared by Committee staff accountants, H6372B.

202. Hakim 6/3/87, at 38; Royer Dep., 5/25/87, at 49-50. The payment was wired to the bank which held the property on October 24, 1986. At the same time, an additional \$30,000, also drawn from the Scitech fund, was wired to the trust account of a law firm involved in the transaction; wire transfers, H1520-A, B and C.

203. Farber Dep., 6/1/87, at 4 (Zucker bought his 25% interest personally). Clarke and Zink Dep., 7/6/87, at 14 (CSF held Zucker's 25% interest); at 29-31 (Secord's June visit to Forways); at 26-28 (laser sight); at 37-40 (\$50,000 wire through Forways).

204. Clarke-Zink Dep., 7/6/87, at 26, 36, 54.

205. Hakim Dep., 5/31/87, at 254.

206. *Id.* at 255.

207. Forways Records, EN 0199-358.

208. Clarke and Zink Dep., 7/6/87, at 9-10, 62; Ex. 2.

209. Ledger entry re \$500,000, H02862; ledger entry re \$260,000, H1084; Hakim Dep., 5/24/87, at 144-58 (\$500,000 earmarked for joint Secord/Hakim investment). Hakim stated that the \$260,000 was for a line of credit extended to Forways and that the money should have been returned to the Enterprise. Hakim Dep., 5/23/87, at 171-74.

210. Hakim Dep., 5/31/87, at 255-56; Clarke and Zink Dep., 7/6/87, at 73-76; Ex. 3.

211. Hakim Dep., 5/23/87, at 256, 263-64.

212. Hakim could not identify the purpose of the third fund which totaled \$200,000. Since Hakim created it in a

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11/2/80

ACCOUNT NUMBER 10/28/80
COMPAGNIE DE SERVICES
FIDUCIAIRES SA
REFERENCE BANK OF NEW YORK
DEBIT 11,200.00
VALUE DATE 10/28/80
RND REFERENCE 6453110010
CUST REFERENCE
SEND REFERENCE 10/28/80-1110010

SM BRK-TX 40 WALL ST TRUST DEPT OMV-TRUSSTEE U/A 4/6/80 FOR M. ME
RCOFS D'DUNNELL 434391 DBI-ATI MR C TEINANG

DESCRIPTION CHIPS

907

22-207

DOCUMENT UNAVAILABLE.